Prospectus

Polypipe

This document comprises a prospectus relating to Polypipe Group plc (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA"). The Prospectus will be made available to the public in accordance with the Prospectus Rules.

Application has been made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the "London Stock Exchange") for all of the Shares to be admitted to trading on the London Stock Exchange ("Admission"). Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 11 April 2014. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on 16 April 2014. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange.**

The directors of the Company and the Proposed Director, whose names appear on pages 55 and 56 of this document (the "Directors"), and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

See "Risk Factors" in Part 2 for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.

Polypipe

Polypipe Group plc

(Incorporated under the Companies Act 1985 and registered in England and Wales with registered number 6059130)

Offer of 119,999,899 Shares with nominal value of £0.001 each
at an Offer Price of £2.45 per Share
and admission to the premium listing segment of the Official List
and to trading on the London Stock Exchange

Joint Bookrunners, Joint Sponsors and Underwriters

Deutsche Bank AG

Numis Securities Limited

Co-Lead Manager and Underwriter

Canaccord Genuity Limited

Financial Adviser

Moelis & Company

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid	
Number	**Nominal Value**
199,999,862	£0.001

In connection with the Offer, Deutsche Bank AG, London Branch, as Stabilising Manager, or any of its agents, may (but will be under no obligation), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. There is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the Offer.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"). The Shares will be offered (i) in the United States only to qualified institutional buyers ("QIBs"), as defined in Rule 144A under the US Securities Act ("Rule 144A") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (ii) to institutional investors outside of the United States in reliance on Regulation S under the US Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A. No actions have been taken to allow a public offering of the Shares under the applicable securities laws of any jurisdiction, including Australia, Canada, Japan or South Africa. Subject to certain exceptions, the Shares may not be offered or sold in any jurisdiction, or to or for the account or benefit of any national, resident or citizen of any jurisdiction, including Australia, Canada, Japan or South Africa. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 10% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilising period, Cavendish has granted the Stabilising Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10% of the total number of Shares comprised in the Offer (the "Over-allotment Shares") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares.

Each of the Underwriters and Moelis & Company, which are authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the Offer. None of the Underwriters or Moelis & Company will regard any other person (whether or not a recipient of this document) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on the Underwriters and Moelis & Company by FSMA or the regulatory regime established thereunder, none of the Underwriters, Moelis & Company nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer. The Underwriters, Moelis & Company and each of their respective affiliates, each accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters, Moelis & Company or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this document.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Available information

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

Service of process and enforcement of civil liabilities

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the US may have difficulties enforcing in courts outside the United States judgments obtained in US courts against some of the Directors or the Company (including actions under the civil liability provisions of the US securities laws). Shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the United States.

No incorporation of website information

The contents of the Company's websites, including any hyperlinks to or from such websites, do not form part of this document.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words "not applicable".

Section A – Introduction and warnings

Element		
A.1	**Introduction and warning**	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Directors and the Company who are responsible for this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	**Subsequent resale of securities or final placement of securities through financial intermediaries**	Not applicable.

Section B – Issuer

Element		
B.1	**Legal and commercial name**	Polypipe Group plc which trades under the brands Polypipe, Polypipe Building Products, Polypipe Civils, Oracstar, Polypipe Terrain and Polypipe Ventilation.
B.2	**Domicile, legal form, legislation and country of incorporation**	The Company is incorporated in England and Wales under the Companies Act 1985 and domiciled in the United Kingdom. It is subject to the City Code.
B.3	**Current operations, principal activities and markets**	The Group is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic pipe systems for the residential, commercial, civils and infrastructure sectors by revenue.

		The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world. The Group operates sixteen facilities in total. Our principal manufacturing locations are in the United Kingdom with eight facilities and we have three additional manufacturing sites located in France and one in Italy. We also have three distribution warehouses in Northern Ireland and Scotland and a sales office in Dubai. The Group reports its business through two divisions: Residential Piping Systems and Commercial and Infrastructure Piping Systems.
B.4a	**Recent trends**	The UK plastic pipe industry manufactures and supplies products for a range of applications in drainage, plumbing, heating and ducting. The overall market size was estimated at approximately £1,019 million in sales in 2012, according to the MBD September 2013 Report. The principal market sectors of the UK plastic pipe industry include: the building and installation sector which the Directors believe represented approximately 65% of the market in 2012; the civils and infrastructure sector which the Directors believe represented approximately 14% of the market in 2012 and the direct supply of utilities companies which the Directors believe represented approximately 21% of the market in 2012. The Directors believe that there will be continued sales growth in our industry from the ongoing long-term trend of substituting copper, steel, clay and concrete pipe products with plastic. The Directors believe that plastic pipes have a number of intrinsic characteristics which have contributed to its growth in popularity in recent years. The UK building and construction sector has stabilised and started to recover since the significant slowing in housing market activity and housing transactions following 2007 and during the subsequent recession. The CPA Winter 2013-14 Report for 2014 to 2017, which takes into consideration the UK government's residential construction stimulus initiatives and the wider economic recovery, forecasts a 3.4% growth in total UK construction output for 2014, 5.2% growth in 2015 and continuing growth thereafter until 2017. In addition, recent regulatory changes in the management of water (including the Flood and Water Management Act 2010 in the United Kingdom) have introduced the requirements for surface water control and flood prevention systems, fuelling additional demand in the drainage sector and the opportunity for innovative product solutions to meet these evolving market needs. Changes to the regulatory framework have also been aimed at the need to reduce the carbon emissions from buildings and residential dwellings, stimulating the adoption of more carbon efficient heating and ventilation systems incorporating plastic piping systems.
B.5	**Group structure**	The Company is the parent company of the Group. The Group is a leading UK manufacturer of plastic pipe systems for the residential, commercial, civils and infrastructure sectors.

B.6	**Notifiable interests, different voting rights and controlling interests**	At the date of this Prospectus, in so far as is known to the Company, only the person identified below will, on Admission be directly or indirectly interested in 3% or more of the Company's issued share capital. The interests in Shares of such person immediately prior to Admission, together with a corresponding estimate of their interest in Shares immediately following Admission are set out below. • Cavendish (65.9% immediately prior to Admission and 23.0% immediately following Admission (assuming no exercise of the Over-allotment Option)). Assuming the Over-allotment Option is exercised in full, the shareholding of Cavendish would reduce to 17.0%. Pursuant to the Relationship Agreement, Cavendish shall have the right to nominate one person to be its Representative Director on the Board until the later of 12 months from Admission and the point at which Cavendish ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time. Other than the interests of Cavendish, the Company is not aware of any person who, immediately following Admission, will directly or indirectly, jointly or severally, exercise control over the Company. At Admission, all of the Shares will have the same voting rights.
B.7	**Selected historical key financial information**	The table below sets out the summary financial information of the Company for the three years ended 31 December 2011, 2012 and 2013. The information has been prepared in accordance with IFRS.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December		
	2011	*2012*	*2013*
		£m	
Revenue	286.4	282.0	300.8
Cost of sales	(190.1)	(176.8)	(188.3)
Gross profit	96.3	105.2	112.5
Selling and distribution costs	(44.1)	(44.0)	(46.9)
Administration expenses	(25.6)	(25.1)	(25.9)
Share of loss in associate	(0.1)	—	—
Group operating profit before operating exceptional items	26.5	36.1	39.7
Operating exceptional items	(0.3)	0.5	0.1
Group operating profit	26.2	36.6	39.8
Finance revenue	—	0.1	0.3
Finance costs	(15.5)	(15.7)	(15.5)
Profit before tax	10.7	21.0	24.6
Tax expense	(0.9)	(0.4)	(4.6)
Profit for the year	9.8	20.6	20.0

All the profit for the year is attributable to owners of the Company.

Earnings per share (pence) attributable to equity holders of the Company			
Basic and diluted	13.3	27.7	26.7

ADJUSTED EBITDA

	Year Ended 31 December		
	2011	***2012***	***2013***
		£m	
Group Operating Profit	26.2	36.6	39.8
Depreciation	13.0	12.9	13.9
Operating Exceptional Items	0.3	(0.5)	(0.1)
Management Fees	0.4	0.4	0.4
Adjusted EBITDA*	39.9	49.4	54.0

** Note: Adjusted EBITDA is a non-IFRS /non-GAAP measure*

CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2011	***2012***	***2013***
		£m	
Non-Current Assets			
Property, plant and equipment	79.0	81.9	89.0
Intangible assets	234.4	234.4	234.4
Investments accounted for under the equity method	0.2	—	—
Total non-current assets	313.6	316.3	323.4
Current Assets			
Inventories	34.9	37.6	38.9
Trade and other receivables	17.5	23.1	21.4
Financial assets	0.1	0.2	0.4
Cash and cash equivalents	37.8	47.0	65.9
Total current assets	90.3	107.9	126.6
Total assets	403.9	424.2	450.0
Current Liabilities			
Trade and other payables	(54.3)	(56.9)	(62.0)
Financial liabilities	—	(0.1)	—
Income tax payable	(2.1)	(2.8)	(2.4)
Total current liabilities	(56.4)	(59.8)	(64.4)
Non-Current Liabilities			
Financial liabilities	(148.6)	(149.6)	(150.6)
Other liabilities	(2.7)	(2.2)	(2.0)
Deferred tax liability	(5.6)	(1.5)	(1.6)
Total non-current liabilities	(156.9)	(153.3)	(154.2)
Total liabilities	(213.3)	(213.1)	(218.6)
Net assets	190.6	211.1	231.4
Capital and reserves			
Equity share capital	1.2	1.3	1.3
Share premium	315.7	315.9	—
Foreign currency translation reserve	(0.5)	(0.9)	(0.6)
Retained earnings	(125.8)	(105.2)	230.7
Total equity	190.6	211.1	231.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	*Share premium*	*Foreign Currency retranslation reserve*	*Retained earnings*	*Total equity*
			£m		
At 1 January 2011	205.4	111.5	—	(135.6)	181.3
Profit for the year	—	—	—	9.8	9.8
Other comprehensive income	—	—	(0.5)	—	(0.5)
Total comprehensive income for the year	—	—	(0.5)	9.8	9.3
Premium arising on reduction in nominal value of shares	(204.2)	204.2	—	—	—
Year ended 31 December 2011	1.2	315.7	(0.5)	(125.8)	190.6
Profit for the year	—	—	—	20.6	20.6
Other comprehensive income	—	—	(0.4)	—	(0.4)
Total comprehensive income for the year	—	—	(0.4)	20.6	20.2
Issue of share capital	0.1	—	—	—	0.1
Premium on shares issued in the year	—	0.2	—	—	0.2
Year ended 31 December 2012	1.3	315.9	(0.9)	(105.2)	211.1
Profit for the year	—	—	—	20.0	20.0
Other comprehensive income	—	—	0.3	—	0.3
Total comprehensive income for the year	—	—	0.3	20.0	20.3
Cancellation of share premium	—	(315.9)	—	315.9	—
Year ended 31 December 2013	1.3	—	(0.6)	230.7	231.4

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 31 December		
	2011	**2012**	**2013**
		£m	
Operating activities			
Profit for the year before tax	10.7	21.0	24.6
Add back net financing costs	15.5	15.6	15.2
	26.2	36.6	39.8
Adjusted for non cash items:			
Gain on disposal of property, plant and equipment	(0.3)	(0.3)	(0.7)
Profit on sale of investments	—	—	(0.3)
Share of loss of associate	0.1	—	—
Depreciation of property, plant and equipment	13.0	12.9	13.9
Operating cash flow before movement in working capital	39.0	49.2	52.7
Movement in working capital:			
Receivables	9.7	(5.9)	1.9
Payables	(2.0)	3.0	4.7
Inventories	(1.7)	(2.9)	(1.1)
Cash generated from operations	45.0	43.4	58.2
Income tax received/(paid)	0.1	(3.8)	(4.9)
Net cash flows from operating activities	45.1	39.6	53.3
Investing Activities			
Interest received	—	0.1	0.3
Proceeds from disposal of property, plant and equipment	0.4	0.4	0.8
Proceeds from sale of investments	—	—	0.3
Purchase of property, plant and equipment	(10.5)	(15.9)	(21.1)
Deferred consideration paid in respect of acquisitions	(1.1)	(0.8)	—
Net cash flow used in investing activities	(11.2)	(16.2)	(19.7)
Financing activities			
Repayment of bank loan	—	—	(0.1)
Proceeds from share issue	—	0.3	—
Interest paid	(14.6)	(14.5)	(14.6)
Costs of new bond issue	(0.8)	—	—
Net cash flows from financing activities	(15.4)	(14.2)	(14.7)
Net increase in cash and cash equivalents	18.5	9.2	18.9
Cash and cash equivalents at 1 January	19.3	37.8	47.0
Cash and cash equivalents at 31 December	37.8	47.0	65.9

Certain significant changes to the Group's financial condition and results of operations occurred during 2011, 2012 and 2013. These changes are set out below:

- Revenue increased by £14.4 million from £286.4 million for the year ended 31 December 2011 to £300.8 million for the year ended 31 December 2013, with Adjusted EBITDA increasing by £14.1 million from £39.9 million to £54.0 million during such periods.
- Profit increased by £10.2 million from £9.8 million for the year ended 31 December 2011 to £20.0 million for the year ended 31 December 2013.
- Cash and cash equivalents increased by £28.1 million from £37.8 million for the year ended 31 December 2011 to £65.9 million for the year ended 31 December 2013.
- Capital expenditures increased by £10.6 million from £10.5 million for the year ended 31 December 2011 to £21.1 million for the year ended 31 December 2013, principally as a result of the increase of the Group's manufacturing capacity for the production of its water management products and the Group's recent commissioning of a plant, located in Horncastle, to sort and wash domestic household plastic polyethylene waste, for use in the Group's production processes.

Since 31 December 2013 (being the end of the period covered by the selected historical key financial information set out in the tables above), there has been no significant change in the financial condition or operating results of the Group.

B.8	**Selected key pro forma financial information**	The unaudited pro forma statement of net assets set out below has been prepared to illustrate the effect of the proposed refinancing and expenses arising from the Offer and the refinancing on the consolidated net assets of the Group. The unaudited pro forma net assets statement is based on the audited consolidated net assets of the Group at 31 December 2013 and has been prepared on the basis that the Offer took place on 31 December 2013. The unaudited pro forma statement of net assets is compiled on the basis set out in the notes below and in accordance with the accounting policies of the Group for the year ended 31 December 2013. Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The pro forma information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive.

		Adjustments		
	Polypipe Group plc as at 31 December 2013	Refinancing	*Expenses of the Offer and refinancing*	*Unaudited pro forma net assets as at 31 December 2013*
	Note 1	Note 2	Note 3	
	£m	£m	£m	£m
Non-current assets				
Property, plant and equipment	89.0	—	—	89.0
Intangible assets	234.4	—	—	234.4
Total non-current assets	323.4	—	—	323.4
Current assets				
Inventories	38.9	—	—	38.9
Trade and other Receivables	21.4	—	—	21.4
Financial assets	0.4	—	—	0.4
Cash and cash equivalents	65.9	(30.0)	(24.0)	11.9
Total current assets	126.6	(30.0)	(24.0)	72.6
Total assets	450.0	(30.0)	(24.0)	396.0
Current liabilities				
Trade and other payables	(62.0)	—	—	(62.0)
Financial liabilities	—			
Income tax payable	(2.4)	—	—	(2.4)
Total current liabilities	(64.4)	—	—	(64.4)
Non-current liabilities				
Financial liabilities	(150.6)	30.0	2.8	(117.8)
Other liabilities	(2.0)	—	—	(2.0)
Deferred tax liability	(1.6)	—	—	(1.6)
Total non-current liabilities	(154.2)	30.0	2.8	(121.4)
Total liabilities	(218.6)	30.0	2.8	(185.8)
Net assets	231.4	—	(21.2)	210.2
Net debt (Note 6)	(84.7)	—	(21.2)	(105.9)

Notes

1. The audited financial information of the Group as at 31 December 2013 has been extracted without material adjustments from Part 11: "Financial Information".
2. For the refinancing, the principal value of existing Notes of £150.0 million are to be replaced by a new term loan of £120.0 million.
3. In relation to the Offer, the Group will incur professional fees of £12.3 million. The cost to call the existing Notes is £7.1 million. The arrangement fee for the new term loan, including legal fees, is £2.2 million, which will be amortised over a five year period. The unamortised deal costs as at 31 December 2013 in relation to the existing Notes was £1.8 million. Interest on the existing Notes of £2.4 million was accrued as at 31 December 2013 within "Financial liabilities".

	4. As set out in this Prospectus, the shareholders are selling issued Shares under the Offer. The proceeds from the Offer, net of all Offer related underwriting fees and expenses, are receivable by the shareholders (or as they direct). No proceeds from the Offer are payable to the Company. 5. No account has been taken of trading of the Group since 31 December 2013. 6. Net debt is defined as the net of "Cash and cash equivalents" and "Financial liabilities", which are stated as net of unamortised deal costs/arrangement fees.	
B.9	**Profit forecasts**	Not applicable: this Prospectus does not contain profit forecasts or estimates.
B.10	**Qualifications in the audit report**	Not applicable: the audit reports on the historical financial information contained in this Prospectus do not contain any qualifications.
B.11	**Insufficient working capital**	Not applicable: in the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is for the next 12 months following the date of this Prospectus.

Section C – Securities

Element		
C.1	**Description of type and class of securities being offered**	The Offer comprises Shares of the Company. The nominal value of the total issued Share capital of the Company immediately following Admission will be £199,999.86 divided into 199,999,862 Shares of £0.001 each, which will be issued fully paid. When admitted to trading, the Shares will be registered with ISIN GB00BKRC5K31 and SEDOL number BKRC5K3 and it is expected that the Shares will be traded under the ticker PLP.
C.2	**Currency of securities**	The Shares are denominated in pounds sterling.
C.3	**Number of Shares and Deferred Shares in issue and par value**	On Admission, there will be 199,999,862 Shares of £0.001 each and 146,354,735,914 Deferred Shares of £0.00001 each in issue. All Shares and Deferred Shares in issue on Admission will be fully paid.
C.4	**Rights attaching to the Shares**	Following Admission, the Shares will rank equally for voting purposes. On a show of hands each Shareholder will have one vote and on a poll each Shareholder will have one vote per Share held. Following Admission, each Share will rank equally for any dividend declared. Following Admission, each Share will rank equally for any distributions made on a winding up of the Company. Subject to the provisions of the Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Shares. The Act and the Listing Rules allow for the disapplication of pre-emption rights which may be granted by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. Following Admission, each Share will rank equally in the right to receive a relative proportion of shares on the event of a capitalisation of reserves. Following Admission, the Shares will not be redeemable.

C.5	**Restrictions on free transferability of the Shares**	Not applicable: the Shares will be freely transferable upon Admission.
C.6	**Admission**	Application has been made for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities, which is a regulated market. Application has also been made to the FCA for the Shares to be admitted to the premium segment of the Official List. The Shares will not be listed on any other Regulated Market.
C.7	**Dividend policy**	The Directors intend to adopt a progressive dividend policy. Assuming that sufficient distributable reserves are available at the time, the Directors initially intend to target the declaration of a total annual dividend of at least 40% of the Group's annual reported profits after tax. The Directors intend that the Company will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of its interim and preliminary results respectively in the approximate proportions of one-thirds and two-thirds, respectively. The Group may revise its dividend policy from time to time.

Section D – Risks

Element		
D.1	**Information on the key risks that are specific to the Company or its industry**	Key information on the key risks relating to the Company and its industry are: • Cyclical economic conditions and current economic uncertainty affecting the construction industry in our markets may significantly reduce demand for our products and systems, which could have a material adverse effect on our business, results of operations and financial condition. • Our business can be adversely affected by unexpected or prolonged periods of inclement or severe weather, either by creating slowdowns in the construction industry, which can have a material adverse effect in the demand for our products, or by impeding our ability to deliver our products to our customers, which can have a negative impact on our reputation and our business, results of operations and financial condition. • Our business is in part dependent on government action and policies relating to public and private investments in public utilities assets and infrastructure, transportation infrastructure projects and public housing policy. Such investments depend in large part on the willingness of policy makers to impose rate increases or levy taxes on consumers and taxpayers. Significant downward trends in such investments arising from economic uncertainty and ongoing political austerity policies can have an adverse impact on the construction industry and, as a result, on the demand for our products.

		• The raw materials we utilise in our production operations are derived from crude oil and other petroleum feedstocks, and any increases in the international market price of crude oil and other petroleum feedstocks can have a direct impact on the prices we pay for our raw materials, which could have a material adverse effect on our operating margins and cash flows. • Our businesses are dependent on key customers who may seek lower prices or may reduce their demand for our products, particularly as we do not have long-term contracts or agreements with many of our customers. The loss of a significant customer may have a material adverse effect on our business, results of operation and financial condition. • Our businesses may be adversely affected by changes in government regulations and standards relating to the manufacture and use of building materials, particularly plastics and polymers. • The continued growth and success of our business depends on our ability to attract and retain our Executive Management Team and qualified personnel.
D.3	**Information on the key risks that are specific to the Shares**	Key information on the key risks relating to the Shares are: • The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes. • Cavendish will retain a significant interest in the Company following Admission and its interests may differ from those of the other Shareholders. • Substantial sales of Shares, or the perception that such sales might occur, could depress the market price of the Shares. In particular, we are unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, substantial amounts of Shares will be sold in the open market by those subject to such restrictions. • A liquid market for the Shares may fail to develop. • There is no guarantee that we will pay dividends now or ever. • Future issuances of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.

Section E – Offer

Element		
E.1	**Net proceeds and expenses**	Under the Offer, 119,999,899 Shares are being made available to investors at the Offer Price of £2.45 per Share, raising total gross proceeds of £294.0 million, which is subject to commissions and expenses of £11.8 million, resulting in total net proceeds from the Offer of £282.2 million, assuming the Offer is fully subscribed. All net proceeds from the Offer will be received by the Selling Shareholders and not the Company. The costs and expenses of the Offer payable by the Company are estimated to be £12.3 million.
E.2a	**Reasons for the Offer and estimated net amount of the proceeds**	The Directors believe that the Offer and Admission will: • enhance the Group's public profile; • provide a more efficient capital structure which will give the Company better operational and development flexibility; • provide access to the capital markets to aid future growth if required; • create a liquid market in the Shares for existing Shareholders; • assist in the incentivisation and retention of key management and employees; and • provide the Selling Shareholders with a partial realisation of their investment in the Company.
E.3	**Terms and conditions of the Offer**	119,999,899 Shares will be sold by the Selling Shareholders at an Offer Price of £2.45, on Admission. The Offer is only available to investors who can make certain warranties and representations as to their status as an investor. In addition, up to 11,999,989 Shares (representing up to 10% of the total number of Offer Shares) are being made available by Cavendish pursuant to the Over-allotment Option. An investor applying for Shares in the Offer may elect to receive the Shares in dematerialised form if such investor is a system-member in relation to CREST. Where applicable, definitive certificates in respect of the Shares are expected to be dispatched by post to the relevant holders no later than 16 April 2014.
E.4	**Interests material to the Offer**	Immediately following Admission each of the following persons are expected to be interested in 3% or more of the Company's issued share capital: • Cavendish – 23.0% (assuming no exercise of the Over-allotment Option). • Blackrock Advisors LLC – 8.8%. • Cantillon Capital Management – 8.0%. • Schroder Investment Management – 5.5%. • UBS Global A/M (UK) Ltd – 4.5%.

		• Standard Life Investments Limited – 4.3%. • Colombia Wanger Asset Management – 4.2%. • Danske Bank AS – 3.5%. • Insight Investment Management Global – 3.3%. Assuming the Over-allotment Option is exercised in full, the shareholding of Cavendish would reduce to 17.0%. There are no conflicting interests that are material to the Offer.
E.5	**Offerors and lock up arrangements**	The Shares are being offered by the Selling Shareholders. The Company, the Directors, Cavendish and the Underwriters have entered into the Underwriting Agreement pursuant to which the Directors have agreed that they will not, and that they will procure that their connected persons will not, dispose of any Shares held by them for a period of 12 months from the date of Admission (or, in the case of Cavendish, six months), except in certain limited circumstances. The remaining Selling Shareholders have agreed that they will not dispose of any Shares held by them for a period of six months or, in the case Selling Shareholders who are senior employees, 12 months from the date of Admission.
E.6	**Dilution**	Not applicable: no new shares in the Company are being issued as part of the Offer.
E.7	**Expenses**	Not applicable: there are no commissions, fees, expenses or taxes to be charged to investors by the Company or the Selling Shareholders.

PART 1
RISK FACTORS

An investment in the Shares involves risk. Prior to investing in the Shares, you should carefully consider risks associated with any investment in securities and, in particular, the Shares, as well as our business and the industry in which we operate, together with all other information contained in this document including, in particular, the risk factors described below. The risk factors set out below do not purport to be a complete list or explanation of all the risks involved in investing in the Shares or that may adversely affect our business. Other risks and uncertainties relating to an investment in the Shares and to our business that are not currently known to us, or that we currently deem immaterial, may also have an adverse effect on our results of operations, financial condition and business prospects. If any such risks occur, the price of the Shares may decline and you could lose all or part of your investment. You should consider carefully whether an investment in the Shares is suitable for you in light of the information in this document and your personal circumstances.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this document entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the additional risks and uncertainties described below.

Risks relating to our business

Cyclical economic conditions and current economic uncertainty affecting the construction industry in our markets may significantly reduce demand for our products and systems, which could have a material adverse effect on our business, results of operations and financial condition.

Our business is highly dependent upon the levels of activity in the construction industry in the United Kingdom and France, our primary markets, which in turn are affected by a broad range of economic and political factors that are beyond our ability to control or to forecast accurately. Downturns in the construction industry can have an adverse effect on the demand for our products.

We generate a substantial part of our revenues from sales of our product to operators in the residential construction industry, comprising the RMI sector and the new build sector. Both sectors are affected by economic trends that are beyond our control, including general market conditions, house prices, mortgage lending policies and prevailing interest rates, government policies relating, for example, to residential housing construction including planning regulations, as well as inflation, deflation, unemployment rates, and demographic trends. Although the RMI sector may tend to remain less affected by these factors than the new build sector, the Directors believe that consumer confidence tends to affect residential improvement expenditures and demand for our product.

Following difficult market conditions in both the new build and RMI sectors that began in 2007, the Directors believe both sectors have recently shown signs of stabilisation overall and the Directors believe there will be a return to growth, particularly in the United Kingdom. In the event, however, that this growth does not materialise or there is another downturn in the residential construction market, our business, results of operations or financial condition could be adversely affected.

Commercial and infrastructure investments are also dependent upon many of the same economic fundamentals listed above, as well as public investment and spending on infrastructure projects, the availability of business and project financing for major capital investments and expansion, and the financial markets in general.

Our business will continue to be affected by these economic trends, and a delay or failure of the UK or French construction market to grow at a sufficient rate, as well as continued economic uncertainty or a downturn, could lead to a significant and even protracted reduction in demand for our products in either of our principal areas of activity, which could have a material adverse effect on our business, results of operations and financial condition.

Our business can be adversely affected by unexpected or prolonged periods of inclement or severe weather, either by creating slowdowns in the construction industry, which can have a material adverse effect in the demand for our products, or by impeding our ability to deliver our products to our customers, which can have a negative impact on our reputation and our business, results of operations and financial condition.

Unexpected or prolonged periods of inclement or severe weather can have a profound effect on construction projects, which tends to reduce the number of orders we would normally expect to receive during any period. Any significant or prolonged adverse weather conditions could negatively affect our primary markets during periods when we expect trading to be strong, slow the growth of new construction activity generally and reduce the demand for our product.

For example, we normally expect construction activity, and therefore demand for our products, to slow during the months of December, January and, in certain areas, February. A lengthening of that period of inactivity for two or more weeks can have a significant impact on the progress of construction projects and the anticipated inflow of product orders, which can affect our production cycle, our order, inventory and distribution management, and our cash flows. In years with an unusually high number of occurrences of inclement or severe weather and the resulting construction slow-downs, the overall reduction in the demand for our products can have a material adverse effect on the level of our annual sales.

In addition, we have our own distributions operation and deliver the vast majority of our products in the United Kingdom with our own fleet of trucks. Our distribution operations cover all of Great Britain, requiring significant resource. Our ability to deliver our products to our customers, either at distribution centres or on building sites, can be significantly impeded by severe weather, leaving both equipment and personnel underutilised, which could have a material adverse affect on our relationships with our customers and on our business, results of operations and financial condition.

Our business is in part dependent on government action and policies relating to public and private investments in public utilities assets and infrastructure, transportation infrastructure projects and public housing policy. Such investments depend in large part on the willingness of policy makers to impose rate increases or levy taxes on consumers and taxpayers. Significant downward trends in such investments arising from economic uncertainty and ongoing political austerity policies can have an adverse impact on the construction industry and, as a result, on the demand for our products.

The success of our commercial and infrastructure piping systems business depends significantly on the level of public and private investments in public utilities assets (particularly those relating to water), transportation infrastructure and public housing in the United Kingdom and France. Such investments depend heavily on political and budgetary policies, which are subject to change for a wide number of reasons beyond our control or ability to forecast, including as a result of elections, European Union monetary and environmental policies and the global economic climate.

For example, regulations requiring utility companies to make capital expenditures on infrastructure upgrades and expansion depend significantly on rate increases, which can have significant political repercussions and even reduce the size of private investment in utilities companies, which in turn can make it more difficult for utilities companies to obtain capital from the financial markets. As a result, it is difficult to predict the timing and magnitude of investment in public utilities assets and infrastructure, and to the extent that public and private investment is delayed, decreased or suspended, infrastructure construction activity, and as a consequence our sales, could be adversely affected.

We sell our products in the transportation infrastructure market as well, principally relating to drainage and runoff. The upkeep and expansion of transportation infrastructure can be severely affected by government policy (in particular relating to austerity programs), EU monetary and environmental policies and the access to liquidity in local and international financial markets. Continued or expanded austerity programs, changes in EU monetary or environmental policies or an inability of developers to raise capital on financial markets could have a significant impact on infrastructure construction, which could have a material adverse effect on our business, results of operations and financial condition.

Further, government investment in public housing projects is an important source of revenue for the construction industry and the Directors believe that the recent increase by the UK government and the announcement of additional investment in the UK Government's June 2013 Spending Review has tended to boost the UK construction market generally. A discontinuation or substantial reduction in the public housing spend in the United Kingdom could have an adverse effect on the recent upturn in construction activity, which could reduce the number and size of orders we receive and have a material adverse effect on our sales.

We are dependent on a limited number of suppliers of raw materials that we use in our blending process and the manufacture of our products. If our suppliers were unable to meet our requirements, we may have difficulty sourcing substitute materials or controlling our costs, which could have a material adverse effect on our business, results of operations and financial condition.

Our products are principally made from plastic polymers, specifically PVC, polyethylene and polypropylene. We are usually dependent on two or three suppliers for these and other materials for the manufacture of our products. Although double and triple sourcing of our primary source materials provides some protection in the event that one of our suppliers were unable or unwilling to meet our demand for raw materials on a timely basis or on acceptable commercial terms, reliance on a single supplier may result in increased prices or reduced supply of the necessary raw materials. Furthermore, in the event that all of our suppliers were unable or unwilling to meet our demand for raw materials on a timely basis or on acceptable commercial terms, we would be forced to seek alternative raw materials which may be time consuming or otherwise not commercially feasible. Any delay in obtaining, or failure to obtain, the necessary raw materials or other component parts from our suppliers on commercially acceptable terms could have a material adverse effect on our business, results of operations or financial condition.

The raw materials we utilise in our production operations are derived from crude oil and other petroleum feedstocks, and any increases in the international market price of crude oil and other petroleum feedstocks can have a direct impact on the prices we pay for our raw materials, which could have a material adverse effect on our operating margins and cash flows.

The raw materials we utilise in our production operations are derived from crude oil and other petroleum feedstocks. The producers of such petroleum derivates generally link the price of the products they sell to the international market price of crude oil and other petroleum feedstocks, which are subject to frequent and significant fluctuations. Approximately 40% of our cost of sales, although denominated in pounds sterling, are linked to the international market prices of crude oil and other petroleum feedstocks, which are quoted in US dollars. As a result of these factors, (i) fluctuations in the international market price of crude oil and other feedstocks tend to have a direct and immediate effect on the availability of, and the price we pay for, our raw materials, (ii) our operating income, operating margin and cash flows from operations are vulnerable to adverse fluctuations in the exchange rates between US dollar and pound sterling, and (iii) our raw material costs may vary significantly from period to period, even when the volume of our production is relatively constant. If we are unable to pass on the preponderance of cost increases to our customers by raising the price of our products or if we are unable to do so in a timely manner to cover such cost increases, our results of operation and cash flow could be materially adversely affected.

Our businesses are dependent on key customers who may seek lower prices or may reduce their demand for our products, particularly as we do not have long-term contracts or agreements with many of our customers. The loss of a significant customer may have a material adverse effect on our business, results of operations and financial condition.

Our businesses are dependent on key customers, in particular the national merchants in the United Kingdom, in part because of the consolidated nature of the major customers in our core markets. The Directors believe the four largest national merchants (which, in the case of Travis Perkins Trading Company Limited, excludes Wickes Building Supplies Limited) represented approximately 71% of the builders merchant market in the United Kingdom.

Consistent with industry practice, we do not have long-term contracts with any of our primary customers that require them to buy from us but instead have rebate agreements in place that generally have terms of one to three years and do not commit our customers to any minimum purchase volume or price. Our marketing strategy therefore must respond to the demands of the consolidated national merchant customers, who seek lower costs in return for their higher volume purchases. However, our marketing and sales strategy, including our rebate system and contract negotiations, largely depends on our ability to conduct independent negotiations with each of our merchant customers. If we are unable to manage effectively the conflicting needs of our national and independent merchant customers, our marketing and sales strategy may be undermined and our business may be adversely affected.

Due to the relatively short term nature of our order book and the lack of volume requirements in our rebate agreements with our customers, it is difficult to forecast demand and, hence, production. If we over-forecast demand for our new or existing products, this could result in excess inventory and materially adversely affect our results of operations. Conversely, if we under-forecast demand or otherwise do not have sufficient stock available, we may not be able to meet our customers' requirements in the required timeframe and we could lose customer sales to a competitor.

Our relationships with our key customers could be materially adversely affected by a number of factors, including a decision by our key customers to diversify or change their sources of pipe systems, a decision by wholesale distributors of our products to switch some or all of their distribution to private labels, an inability to agree on mutually acceptable pricing terms with our key customers or a significant dispute with or between our key customers.

If our commercial relationship with any of our key customers terminates for any reason, or if our key customers significantly reduce their business with us, and we are unable to enter into similar relationships with other customers on a timely basis, on acceptable terms or at all, our business, results of operations or financial condition could be materially adversely affected. In addition, if our commercial relationship with one of our key customers terminates and the customer enters into exclusive arrangements with a competitor (exclusivity being a common feature of rebate agreements in the industry), we would not be able to regain such a customer until at least the end of the period of exclusivity.

In addition, further consolidation among builders and construction merchants would give our customers increased purchasing power and would likely result in demands for "best available terms" in our customer contracts. If this occurs, we may be unable to successfully maintain our pricing structure and negotiating position in our relations with national merchants. Further consolidation may, therefore, limit our ability to gain new customers or to gain market share or put pressure on our margins adversely affecting our growth prospects, business, results of operations and financial condition.

Our businesses may be adversely affected by changes in government regulations and standards relating to the manufacture and use of building materials, particularly plastics and polymers.

Proposals relating to the manufacturing, production and life-cycle assessment of plastics and polymer products are often under consideration in the United Kingdom and the EU. Certain of the chemical intermediate materials that we utilise in the polymer blends that we create in our manufacturing process, or certain solvents or lubricants that we utilise in the extrusion or injection moulding processes, could be subject to regulatory bans that would require us to find substitute materials. If we were required to substitute materials or processes to comply with regulatory changes, we may have difficulties sourcing such materials at competitive prices, adjusting our blending processes or modifying our extrusion or injection tooling to accommodate any resulting changes in the density or viscosity of the new polymer blends or solvents and lubricants. Although our products have obtained approval from government regulators in the past, if government regulators determine that our products no longer meet applicable standards or if we are unable to obtain required approvals in the future, our business, results of operations and financial condition may be adversely affected.

Our operations may be affected by disruption to road transport systems or the availability and cost of fuel which in turn may affect our product delivery schedules.

We deliver a large proportion of our products to our UK customers through our own transport systems and third party delivery services. Prolonged disruption to road transport systems or to the availability of vehicle fuel may hinder our ability to meet delivery schedules, which could create backlogs that could take time and additional resources to clear. In addition, significant increases in fuel prices can affect our margins, as it may not always be possible to recover such increases from our customers. These factors could have a material adverse effect on our business, results of operation and financial condition.

An unexpected or prolonged interruption of operations at our production facilities would have a material adverse effect on our business, results of operations and financial condition.

Our business is dependent on the continued and uninterrupted performance of our production facilities. Each of our facilities is subject to operating risks such as shortages in raw materials, industrial accidents (including fire), extended power outages, withdrawal of permits and licenses, breakdowns in machinery, equipment or information systems, prolonged maintenance activity, strikes, natural disasters and other unforeseen events. Although we are able in limited circumstances to meet certain production requirements at other plants, any significant interruption of operations at our production facilities could seriously impede our ability to meet customer orders or maintain appropriate levels of inventory, which could have a material adverse effect on our business, results of operations and financial condition.

We face operational risks that may not be covered by our insurance policies.

We have property, business interruption, counterparty and liability insurance coverage (including for product liability) that the Directors believe is consistent with industry practice. However, our insurance policies may not fully cover the consequences of damage to persons or property, business interruptions, failure of counterparties to conform to the terms of an agreement or other liabilities incurred in our operations. In addition, we are subject to ongoing regulatory compliance issues that may affect our insurance coverage on an ongoing basis. If we have a significant claim or number of claims on our policies, we may be subject to significant increases in our premiums or even find it difficult, prohibitively expensive or even impossible to obtain sufficient levels of coverage. If our insurance coverage is not sufficient for any reason, we could incur significant out of pocket expenses, which could have a material adverse effect on our business, results of operations and financial condition.

Environmental regulations and other obligations relating to environmental matters could subject us to liability for fines, clean-ups and other damages, require us to modify our operations and increase our manufacturing and delivery costs, which could have a material adverse effect on our business, results of operations and financial condition.

Our business is subject to a broad and increasingly stringent range of environmental, health and safety laws as well as building, product and other laws, regulations and standards in the jurisdictions in which we operate. The nature of our operations means that we face a risk of the contamination of land with hazardous wastes resulting from our manufacturing processes and causing nuisance in certain circumstances. Additionally, many of our sites are located on previous brownfield sites or have had neighbours that undertook operations which could cause contamination on our sites.

Costs related to our compliance with environmental laws concerning, and potential obligations with respect to, contaminated sites may have a significant negative impact on our operating results. These include obligations related to sites currently or formerly owned or operated by us, if we caused or knowingly permitted any contamination there, or where we disposed of waste from our operations. We also have to comply with stringent waste management regulations, particularly in relation to hazardous waste. Hazardous wastes generated by, stored on or removed from our facilities include, but are not limited to: waste cutting oil and waste dielectric oil; waste solvent; sanitary waste; inks; a naphtha-based degreaser; aerosols; wet cell batteries; lead stabilisers; and septic waste. Failure to comply with waste regulations could potentially result in regulatory action, fines and additional capital and/or operational costs. In addition, claims or corrective action to abate nuisance caused by our operations may result in increased capital expenditure and liabilities.

From time to time, there have been concerns that the manufacture, use and disposal of PVC and polyethylene pose environmental and human health risks. For example, there have been concerns that manufacturing and transporting chlorine, which is a raw material used in the production of PVC, may pose a number of such risks. Adverse public opinion in relation to the safety of the processes involved, whether due to vinyl chloride manufacture or otherwise, could influence our relationships with our customers or end-users, which may have a material adverse effect on our business, results of operations or financial condition.

We are also unable to predict future changes in environmental laws or policies, including with respect to carbon emissions in the production of our products and the environmental impact of our products. We are also unable to predict future changes in the ultimate cost of compliance with such laws and policies. We may be adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations. New regulations could require us to modify or renew our existing permits, acquire costly equipment, refit existing plants or redesign products or to incur other significant expenses. Our business, results of operations or financial condition could also be materially adversely affected by both domestic and foreign regulatory issues and proceedings.

Growth in the plastic pipe industry is affected by a number of material replacement trends and other factors beyond our control.

In recent years, our organic growth has been partly due to the steady growth in the use of plastic pipe systems in the UK and Europe as a substitute for traditional material alternatives, such as cement, copper or clay pipes. A number of our markets, particularly the UK, are characterised by growth driven by plastics substituting traditional building materials. We intend to continue to develop our plastic plumbing ranges aimed at substituting copper in plumbing and heating installations. There can be no assurance that the trend towards replacement of traditional material pipes with plastic will continue at similar rates in the future. If the plastic pipe markets in which we operate do not grow sufficiently, our business, results of operations or financial condition could be materially adversely affected.

The markets in which we sell our products are highly competitive.

The markets in which we sell our products are highly competitive and we may be unable to maintain or increase our market share or margins. The Directors believe that the principal competitive factors in the sale of our products are the breadth and quality of our product line, the costs associated with production, the innovative nature of our products, and the ability to supply products to customers in a timely manner at a competitive price. Our competitors can be expected to continue to improve the design, performance and efficiency of their products and to introduce new products with competitive prices and performance characteristics.

We traditionally compete with a small number of international competitors and a range of specialised competitors, many of which are well established in their markets. Failure to develop strategies and products and to maintain our competitive position in the face of such competition and potential further consolidation in our industry could lead to loss of market share and/or compel us to reduce the prices of our products, which could result in reduced profit margins.

The continued growth and success of our business depends on our ability to attract and retain our Executive Management Team and qualified personnel.

We are dependent on the continued employment and performance of our Executive Management Team, further details of whom are set out in Part 7 "Directors, Senior Management and Corporate Governance". In particular, if any of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced, our business operations and our ability to implement our growth strategies could be materially disrupted.

We also rely on skilled personnel to operate our business and, in the event that we are unable to recruit a sufficient number of qualified personnel, for example as a result of improving economic conditions that increases competition for such personnel, we may not be able to maintain the staffing levels that we require. If we do not have sufficient numbers of skilled research and development, engineering, manufacturing, marketing and other personnel and do not undertake adequate succession planning, our ability to produce and distribute our plastic pipe systems and solutions, and provide effective field support to customers, distributors and end-users of our products, could be impaired, which could have a negative impact on our business, results of operations or financial condition.

We may not be able to protect our intellectual property or we may be faced with claims that we infringe the intellectual property rights of others.

We rely on a combination of patents, trademarks, trade names, product certificates, confidentiality and non-disclosure clauses and agreements, copyrights and registered and unregistered design rights to define and protect our rights to the intellectual property in our products. We also rely on extensive product, industry, manufacturing and market "know-how" that cannot be registered and may not be subject to any confidentiality and non-disclosure clauses or agreements. Given the industry in which we operate, it is not uncommon for companies to be involved in intellectual property-related disputes. We cannot guarantee that any of our know-how or registered or unregistered intellectual property rights, or claims to such rights, will now or in the future successfully protect what we consider to be the intellectual property underlying our products in any or all of the jurisdictions in which we do business, or that our registered or unregistered rights subsequently will not be successfully opposed or otherwise challenged.

To the extent that our innovations and products are not protected by patents, copyrights or other intellectual property rights in any of our key markets, third parties (including competitors) may be able to commercialise our innovations or products or use our know-how, which could have a material adverse effect on our business, results of operations and financial condition. In addition, legal protection of our intellectual property rights in one country will not provide protection in certain other countries where we operate.

We have faced in the past and may in the future face claims that we are infringing the intellectual property rights of others. If any of our products are found to infringe the patents or other intellectual property rights of others, our manufacture and sale of such products could be significantly restricted or prohibited and we may be required to pay substantial damages, which could have a material adverse effect on our business, results of operations or financial condition.

Interruptions in the proper functioning and operation of our information systems could disrupt operations and cause increases in costs or decreases in revenues.

The proper functioning of our information systems is important to the successful operation of our business. We depend on our information management systems to receive and process orders, manage material procurement and inventory, production planning and monitor accounts receivable collections. Our information systems also allow us to deliver products to our customers on a timely basis while maintaining cost-effective operations. However, our information systems are vulnerable to natural disasters, power losses, telecommunication failures and other problems. Although we have a contracted third party disaster recovery position for our primary UK system, if critical information systems fail or are otherwise unavailable and the disaster recovery system fails or is otherwise inadequate, our ability to receive and process customer orders, maintain proper levels of inventories, collect accounts receivable and pay accounts payable and expenses could be adversely affected. We maintain information systems controls designed to protect against, among other things, unauthorised program changes and unauthorised access to data on our information systems. If our information systems controls do not function properly, we face increased risks of unexpected error and unreliable financial data or theft of proprietary Company information.

Our financial and operational flexibility may be restricted by our indebtedness, and if we fail to comply with covenants under our credit facilities, our repayment obligations could accelerate, which would have a material adverse effect on our liquidity, financial condition and results of operations.

Although, in our opinion, our available working capital is sufficient for our current requirements, that is for not less than the next 12 months following the date of this Prospectus, like any company with significant borrowings, we are subject to the risk that, in the longer term, we may be unable to generate sufficient cash flow, or to obtain sufficient funding, to satisfy our obligations to service or refinance the indebtedness under our credit facilities. Our indebtedness may have important consequences, including, but not limited to:

- requiring us to devote cash flow to service our debt obligations and, depending on the amount of our debt outstanding, potentially reducing financial flexibility and cash available to pay dividends to shareholders;
- potentially limiting our ability to borrow additional amounts for working capital, capital expenditure, acquisitions and developments or debt service requirements, or our ability to refinance existing indebtedness;
- in the event that we default on any of our debt obligations, enabling our creditors to seize the assets of our subsidiary guarantors which have been pledged to secure our indebtedness;
- potentially limiting our ability to pursue acquisition opportunities that may be strategically beneficial;
- placing us at a disadvantage compared to our competitors that may be less leveraged and subject to less restrictive financial covenants; and
- increasing our vulnerability to general adverse economic and industry conditions including increases in interest rates and credit spreads.

Although the Directors believe that our current financial condition, cash generation and capital reserves, are sufficient to enable us to comply with the financial covenants under our credit facilities for not less than the next 12 months from the date of this Prospectus, deterioration in the construction industry and the market for plastic pipe systems and solutions may have a material adverse effect on our earnings, which, in the longer turn, could affect our ability to comply with certain of the financial covenants under our credit facilities. These covenants, which we recently negotiated with our lending banks, require us to maintain financial ratios relating to, among other things, our leverage and our interest coverage. For further details, including in relation to interest rates, see Part 9 “Operating and Financial Review”. There can be no assurance that we can continue to comply with our financial covenants in the longer term.

We may need additional capital in the longer term, and it may not be available on acceptable terms, or at all.

Although, in our opinion, our available working capital is sufficient for our current operations and operational strategies, that is for not less than the next 12 months following the date of this Prospectus, we may require more capital in the longer term to:

- fund our operations;
- finance investments in equipment and infrastructure needed to maintain and expand our distribution capabilities;
- enhance and expand the range of products we offer; and
- respond to potential strategic opportunities, such as investments, acquisitions and international expansion.

We can give no assurance that, in the longer term, additional financing will be available on terms favourable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. If adequate funds are not available on acceptable terms in these circumstances, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing in the longer term could reduce our competitiveness.

Product failures or product recalls in the marketplace could expose us to product liability claims, harm our reputation and our results of operation.

Our market leading position is dependent on the continued performance of our installed products in the marketplace. Our quality control procedures or those of our component suppliers may fail to test for all possible conditions of use of, or to identify all defects in the design, engineering or specifications of, our products. Our products are often incorporated into the fabric of a building or dwelling, or buried in the ground as part of an infrastructure system. In each case, it is difficult to access, repair, recall or replace such products. The inadvertent supply of defective or inferior products that cause product failure during use or the recall of products for any reason could cause damage to properties or dwellings giving rise to potentially extensive claims for damage, as well as negatively impacting our reputation and the perception of our product quality and reliability in our principal markets. Our growing presence in the pressurised pipe system market, with products like Polyfit and UFH, compounds the potential of the cost and consequences of product failures. We also use complex piping, irrigation, attenuation and water control systems which tend to have a higher level of inherent product liability risk.

Product liability claims, arising from personal injury or other damage, present a risk of protracted litigation, substantial money damages, reputational damage, costs and expenses and diversion of management's attention from the operation of our business, which could have a material adverse effect on our business, results of operations and financial condition.

Exchange rate fluctuations could adversely affect our business, financial condition or results of operations.

Our operating results and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro and US dollar exchange rates to pound sterling. Some of our agreements with foreign customers involve payments denominated in currencies other than the pound sterling, which may create foreign currency exchange risks for us. In addition, our subsidiaries have intercompany accounts that are eliminated in consolidation, but that expose us to foreign currency exchange rates. We enter into forward currency contracts for the purchase and sale of foreign currencies in order to manage our exposure to fluctuations in currency exchange rates primarily in respect of our euro receipts. However, we do not hedge the translation of our overseas profits, and gains and losses arising in the translation of net overseas investments are not hedged. Exchange rate fluctuations may adversely affect our earnings from overseas operations as a result of translation of balance sheet amounts denominated in euros into pound sterling.

Collective bargaining agreements, industrial action and other labour relations matters may have an adverse effect on our business.

Approximately 30% of our UK employees are covered by the collective bargaining agreements which are currently in place within the group with the "Unite" and "Community" trade unions respectively. Any inability to negotiate acceptable new arrangements under these collective bargaining arrangements could cause strikes or other work stoppages, and any new arrangements could result in increased operating costs and limit our flexibility in dealing with relevant operational matters. If any such strikes or other work stoppages occur, or if other employees become represented by a trade union, we could experience a disruption in our operations and increased labour costs. Labour relations affecting our suppliers of products and services could also adversely affect our business.

We may become obligated to remunerate employees and former employees on the basis of recent interpretations of the Working Time Regulations relating to vacation pay.

We are aware of court proceedings before the European Court of Justice, dealing with the issue of calculating employee holiday pay. Proponents of changing the calculation have contended that an employee's holiday pay should be calculated not only on the basis of her or his salary, but should also include any element of remuneration "intrinsically linked" to the tasks required under the employee's contract, including overtime, even where overtime is neither guaranteed nor compulsory. The proponents contend that holiday pay should represent what the employee would have received had such employee been at work rather than on holiday. So if, for instance, a worker regularly carries out overtime work or receives “unsocial hours” premiums, those additional payments should be factored into the holiday pay. If the European Court of Justice holds that the calculation of holiday pay should include such considerations, then the Directors believe we may become liable to provide additional, retroactive, remuneration to current and, potentially, former employees. Our labour costs going forward could also increase as a result of such a decision. We have estimated that our total annual costs related to this additional, retroactive, remuneration for the year ended 31 December 2013 may be approximately £0.3 million. However, we have no way of determining how many years of retroactive payments, if any, we may be required to pay and we may be required to pay more than the amount that we have estimated. If we are required to pay retroactive remuneration for years prior to 2013, if the amount that we are required to pay is materially more than £0.3 million, our cash position might be adversely affected, which could have a material adverse effect on our results of operations and financial condition.

Our production, manufacturing and distribution activities are subject to health and safety risks.

Our production, manufacturing and distribution operations are carried out under potentially hazardous conditions. Although we intend to continue to operate in accordance with relevant health and safety regulations and requirements, we remain susceptible to the possibility that liabilities may arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond our control. Accidents or events that are detrimental to the health and safety of our employees could have a material adverse effect on our business, results of operations and financial condition.

Risks relating to the Offer and the Shares

The share price of publicly traded companies can be highly volatile, including for reasons related to differences between expected and actual operating performance, corporate and strategic actions taken by such companies or their competitors, speculation and general market conditions and regulatory changes.

Prospective investors should be aware that, following Admission, the value of an investment in the Shares may decrease abruptly which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them and the Offer Price may not be indicative of prices that will prevail in the trading market. The price of the Shares may fall in response to market appraisal of our strategy, if our operating results and/or prospects are below the expectations of market analysts or Shareholders, or in response to regulatory changes affecting our operations. In addition, stock markets have, from time to time, and especially in recent years, experienced significant price and volume fluctuations which have affected the market price of securities. A number of factors, some of which are outside of our control, may impact the price and performance of the Shares, including:

- prevailing economic conditions and conditions or trends in the market generally;
- differences between our expected and actual operating performance as well as between the expected and actual performance of the piping industry generally;
- strategic actions by us or our competitors, such as mergers, acquisitions, divestitures, partnerships and restructurings;
- speculation, whether or not well founded, about possible changes in our management team;
- the publication of research reports by analysts or failure to meet analysts’ forecasts; and
- regulatory changes.

Cavendish will retain a significant interest in the Company following Admission and its interests may differ from those of the other Shareholders.

Immediately following Admission, it is expected that Cavendish will be interested in approximately 23.0% of the Company’s issued share capital (assuming no exercise of the Over-allotment Option). As a result, Cavendish will be able to exercise significant influence over matters requiring shareholder approval, including the election of directors and significant corporate transactions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, which in turn could have an adverse effect on the trading price of the Shares. The interests of Cavendish may not necessarily be aligned with those of other Shareholders following Admission.

Substantial sales of Shares, or the perception that such sales might occur, could depress the market price of the Shares. In particular, we are unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, substantial amounts of Shares will be sold in the open market by those subject to such restrictions.

Following Admission, except as a result of the exercise of the Over-allotment Option or pursuant to certain other customary exceptions, the Directors and Cavendish have agreed to refrain from selling any of their Shares for a period of 12 months from (and including) the date of the Underwriting Agreement or six months in the case of Cavendish. The remaining Selling Shareholders have agreed that they will not dispose of any Shares held by them for a period of six months or, in the case Selling Shareholders who are senior employees, 12 months from the date of Admission. We are unable to predict whether, following the termination of the lock-up restrictions put in place in connection with the Offer, a substantial amount of Shares will be sold in the open market by those subject to such restrictions. Any sales of substantial amounts of Shares in the public market by any of the Directors, the Selling Shareholders or by the Company, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Shares. This may make it more difficult for Shareholders to sell Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future.

A liquid market for the Shares may fail to develop.

Admission should not be taken as implying that there will be a liquid market for the Shares. Prior to Admission, there has been no public market for the Shares and there is no guarantee that an active trading market will develop, or if developed, be sustained after Admission. The Offer is being made to institutional and professional investors only and the Company may not develop a wide shareholder base. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares may be adversely affected. Even if an active trading market develops, the market price for the Shares may fall below the Offer Price.

There is no guarantee that we will pay dividends now or ever.

Dividend growth in the Shares will rely on underlying growth in the Group's businesses and, in particular, the dividend policy mentioned in Part 9 of this Prospectus should not be construed as a dividend forecast. As a holding company, the Company's ability to pay dividends (including any special dividends) in the future is affected by a number of factors, principally the generation of distributable profits within the Group and the receipt of sufficient dividends from its subsidiaries. Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. In addition, the Company may not pay dividends if the Directors believe this would cause the Company to be inadequately capitalised or if, for any other reason, the Directors conclude it would not be in the best interests of the Company. Any change in the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividends to Shareholders.

Future issuances of Shares may dilute the holdings of Shareholders and may depress the price of the Shares.

Other than in connection with Admission, the Company has no current plans for an offering of new Shares. Following Admission, the Company has agreed to refrain from issuing any new Shares for a period of 180 days from the date of the Underwriting Agreement. It is possible that the Company may decide to offer additional Shares in the future following the expiry of the lock-up restriction. Future offerings of new Shares could dilute the holdings of existing Shareholders, adversely affect the prevailing market price of the Shares and could impair the Group's ability to raise capital through future sales of equity securities.

Changes in taxation legislation or the interpretation of tax legislation could affect the Company's ability to provide returns to Shareholders.

Any change in taxation legislation or the interpretation of taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this Prospectus concerning the taxation of investors in the Shares are based on current tax law and practice in the UK and the United States, which are subject to change. The taxation of an investment in the Company depends on the individual circumstances of the relevant investor.

Shareholders may have difficulty in effecting service of process on the Company or the Directors in the US, in enforcing US judgments in the UK or in enforcing US securities laws in UK courts.

All of the Directors are residents of countries other than the United States. The Company is incorporated outside the United States and its assets are located outside the United States. As a result, it may not be possible for

Shareholders to effect service of process within the United States upon the Directors or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. Shareholders based in the US may have difficulties enforcing in courts outside the United States judgments obtained in US courts against some of the Directors or the Company (including actions under the civil liability provisions of the US securities laws). Shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the United States.

Shareholders outside the UK may not be able to participate in future equity offerings.

The Act provides for pre-emptive rights to be granted to Shareholders on future equity offerings, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions outside the UK may restrict the Group's ability to allow participation by Shareholders located in such jurisdictions in future equity offerings. In particular, Shareholders in the US may not be entitled to exercise their pre-emption rights unless such an offering is registered under the Securities Act or made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The holdings of Shareholders located outside the UK who are not able to participate in any future equity offerings could be diluted by any such offerings.

PART 2
PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Investors should only rely on the information in this document. No person has been authorised to give any information or to make any representations in connection with the Offer, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, any of the Underwriters or Moelis & Company. No representation or warranty, express or implied, is made by any of the Underwriters or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by any of the Underwriters or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the delivery of this document nor any subscription or sale of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this document or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this document by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to the publication of the Prospectus or if this document contains any mistake or substantial inaccuracy. The Prospectus and any supplement thereto will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to the Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, or any of the Underwriters or any of their representatives that any recipient of this document should subscribe for or purchase the Shares. Prior to making any decision as to whether to subscribe for or purchase the Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who subscribe for or purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders or any of the Underwriters.

None of the Company, the Directors, the Selling Shareholders or any of the Underwriters or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Offer, the Underwriters and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Underwriters and any of their affiliates acting as investors for their own accounts. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Share Capital Reorganisation

Save as otherwise specified in this Prospectus (including at paragraph 1.7 and 1.13 of Part 13 "Additional Information"), all of the information in this Prospectus is presented as if the Share Capital Reorganisation had already taken place as at the date of publication of this Prospectus. The Share Capital Reorganisation will be completed immediately prior to Admission.

Presentation of financial information

Unless otherwise stated, the financial information in this document has been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"). The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the financial information in this document.

Financial information

The Company's financial year runs from 1 January to 31 December. The financial information included in Part 11 "Financial Information" is covered by the respective accountant's reports included in Sections A and B**,** which were prepared in accordance with standards for Investment Reporting issued by the Auditing Practice Board and requirements of Annex II of Commission Regulation (EC) No 309/2004.

None of the financial information used in this document has been audited in accordance with auditing standards generally accepted in the United States of America ("US GAAS") or auditing standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). US GAAS and the auditing standards of the PCAOB do not provide for the expression of an opinion on accounting standards which have not been finalised and are still subject to modification, as is the case with accounting standards as adopted for use in the EU and included in Part 11 "Financial Information". Accordingly, it would not be possible to express any opinion on the "Financial Information" in Part 11 under US GAAS or the auditing standards of the PCAOB. In addition, there could be other differences between the auditing standards issued by the Auditing Practices Board in the United Kingdom and those required by US GAAS or the auditing standards of the PCAOB. Potential investors should consult their own professional advisers to gain an understanding of the "Financial Information" in Part 11 and the implications of differences between the auditing standards noted herein.

Use of generally accepted accounting principles in the United Kingdom ("UK GAAP")

This document contains reconciliations from UK GAAP to IFRS in respect of financial periods ended on or as at 31 December 2011 and 31 December 2012. Financial information in relation to the Group in respect of prior financial periods referred to in this Prospectus has been prepared in accordance with UK GAAP, which differs in certain respects from IFRS. Such financial information has been extracted without material adjustment from the audited financial information in respect of those periods (prepared in accordance with UK GAAP) or has been extracted or derived from those of the Group's unaudited accounting records that have been used to prepare that UK GAAP financial information and the source of such extraction or derivation has been separately identified throughout this Prospectus. Such differences involve methods for recognising, measuring and recording the amounts shown in financial statements as well as different disclosure requirements. As a result, financial information for prior financial periods may not be comparable with other financial information relating to later periods that has been prepared in accordance with IFRS. In making an investment decision, potential investors must rely upon their own examination and judgments of the Group and must make their own judgments in assessing the financial information included in this Prospectus. Potential investors should consult their own professional advisers to gain an understanding of the differences between IFRS and UK GAAP, and how those differences might affect the financial information for financial periods ending on or before 31 December 2010 contained in this Prospectus.

Non-IFRS/Non-GAAP Measures

The financial information included in this document is not intended to comply with the US Securities and Exchange Commission reporting requirements. Compliance with such requirements would entail the modification or exclusion of certain financial measures, including Adjusted EBITDA as well as the presentation of certain other information that is not included herein.

Calculations of Adjusted EBITDA

Certain parts of this document contain references to EBITDA, which is an acronym for earnings before interest, taxes, depreciation and amortisation. In particular, we refer in this prospectus to "Adjusted EBITDA" which we calculate as operating profit before operating exceptional items, depreciation and management fees. Adjusted EBITDA is not a measurement of performance under IFRS and US GAAP and should not be considered by prospective investors as an alternative to (a) net profit/(loss) as a measure of our operating performance, (b) net cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (c) any other measure of performance under IFRS or US GAAP. The Directors believe that Adjusted EBITDA is a meaningful measure of a company's operating performance and debt servicing ability because it assists in comparing performance on a consistent basis between companies without regard to amortisation and depreciation accounting methods, which can vary significantly depending on accounting methods applied. All companies may not calculate Adjusted EBITDA on a consistent basis and our presentation of Adjusted EBITDA may not be comparable to measures used by other companies under the same or a similar name. Accordingly, you should not place undue reliance on the Adjusted EBITDA data contained in this document.

	Year Ended 31 December		
	2011	**2012**	**2013**
		£m	
Group Operating Profit	26.2	36.6	39.8
Depreciation	13.0	12.9	13.9
Operating Exceptional Items	0.3	(0.5)	(0.1)
Management Fees	0.4	0.4	0.4
Adjusted EBITDA*	39.9	49.4	54.0

Note: Adjusted EBITDA is a non-IFRS/non-GAAP measure.

Operational data

The Group presents certain operational data in this document. Such data as presented in this document may not be comparable to similarly titled data presented by other companies in the Group's industries and, while the method of calculation may differ across the Group's industries, the Directors believe that such data is important to understanding the Group's performance from period to period and that such data facilitates comparison with the Group's peers. This operational data is not intended to be a substitute for any IFRS measures of performance. The operational data is based on the Company's estimates and is not part of the Group's financial statements and has not been audited or otherwise reviewed by outside auditors, consultants or experts.

Unaudited operational information in relation to the Group is derived from the following sources: (i) unaudited accounting records for the relevant accounting periods and specified accounting framework presented; (ii) internal financial reporting systems supporting the preparation of financial statements; and (iii) the Group's other business operating systems and records.

Currency presentation

Unless otherwise indicated, all references in this document to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. The Company prepares its financial statements in pounds sterling. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to "US dollars" or "US$" are to the lawful currency of the United States.

The average exchange rates of the Group's main trading currencies, other than pounds sterling, are shown relative to pounds sterling below. These exchange rates should not be construed as representations that the relevant currency could be converted into sterling at the rate indicated or at any other rate:

Exchange rate against pounds sterling on	US dollar	euro
31 December 2011	1.5461	1.1950
31 December 2012	1.6168	1.2263
31 December 2013	1.6528	1.2004

Average exchange rate against pounds sterling for the year ended	US dollar	euro
31 December 2011	1.6030	1.1527
31 December 2012	1.5851	1.2337
31 December 2013	1.5644	1.1776

(Source: Bank of England)

Roundings

Certain data in this document, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this document from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by AMA Research, BSRIA, CPA, Euroconstruct, KWD and MBD. As noted in this Prospectus, the Company has obtained market data from the following reports:

- "Pipes and Fittings Market Report – UK 2013-2017 Analysis", AMA Research, Fourth edition (July 2013);
- "Radiators and underfloor heating, UK, World heating 2012", BSRIA (May 2012);
- "Construction Industry Forecast 2013-2017", the CPA (Winter 2013/14 edition);
- the report on France from the 76th Euroconstruct conference, Prague (November 2013);
- "Heating & Plumbing Pipes, Consumption of pipes by material and country, Europe 2012", KWD (December 2012);
- "Underground Pipes", MBD Report (August 2013); and
- "Plumbing Products", MBD Report (September 2013).

The Company confirms that all such third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

None of AMA Research, BSRIA, CPA, Euroconstruct, KWD nor MBD have authorised the contents of, or any part of, this Prospectus and accordingly no liability whatsoever is accepted by AMA Research, BSRIA, CPA, Euroconstruct, KWD or MBD for the accuracy or completeness of any market data attributed to them which is included in this Prospectus.

Where third-party information has been used in this document, the source of such information has been identified.

Definitions and glossary

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in Part 14 "Definitions and Glossary".

Information regarding forward-looking statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "targets" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Summary", "Risk Factors", "The Business" and "Operating and Financial Review" regarding the Company's strategy and other future events or prospects include forward-looking statements.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. The Company, the Directors, the Selling Shareholders, the Underwriters and Moelis & Company expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ from those indicated in or suggested by the forward-looking statements in this Prospectus before making an investment decision.

PART 3
DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Alan Matthew Thomson David Graham Hall Peter David Shepherd Ronald ("Ron") John Edward Marsh Paul David Dean Mansurah ("Moni") Talat Mannings
Proposed Director	Mark William Hammond
Company Secretary	Peter David Shepherd
Registered and head office of the Company	Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES
Financial Adviser to the Company	Moelis & Company UK LLP Condor House, 10 St Paul's Churchyard, London, EC4M 8AL
Joint Bookrunners and Joint Sponsors	Deutsche Bank AG, London Branch Winchester House, 1 Great Winchester Street, London, EC2N 2DB Numis Securities Limited London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT
Underwriters	Deutsche Bank AG, London Branch Winchester House, 1 Great Winchester Street, London, EC2N 2DB Numis Securities Limited London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT Canaccord Genuity Limited 88 Wood Street, London, EC2V 7QR
English and US legal advisers to the Company	Travers Smith LLP 10 Snow Hill, London, EC1A 2AL
English and US legal advisers to the Joint Bookrunners, Joint Sponsors and Underwriters	Greenberg Traurig Maher LLP 7th Floor, 200 Grays Inn Rd, London, WC1X 8HF
Reporting Accountant	Ernst & Young LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Independent Auditors	Ernst & Young LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registrar	Capita Registrars Limited The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

PART 4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected timetable of principal events

Event	Time and Date (2014)
Latest time and date for receipt of indications of interest under the Offer	5.00p.m. on 10 April
Announcement of Offer Price and allocation	7.00a.m. on 11 April
Commencement of conditional dealings on the London Stock Exchange	8.00a.m. on 11 April
Admission and commencement of unconditional dealings on the London Stock Exchange	8.00a.m. on 16 April
CREST accounts credited	8.00a.m. on 16 April

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All times are London times. Each of the times and dates in the above timetable is subject to change without further notice.

Offer statistics

Offer Price (per Share)	£2.45
Number of Shares in the Offer	119,999,899
– to be sold by the Selling Shareholders[1]	119,999,899
Number of Shares subject to the Over-allotment Option	11,999,989
Number of Shares in issue following the Offer	199,999,862
Estimated gross proceeds of the Offer receivable by the Selling Shareholders[1]	£294.0 million
Market capitalisation of the Company at the Offer Price on Admission	£490.0 million

Notes:
(1) Assuming no exercise of the Over-allotment Option.

PART 5
INDUSTRY OVERVIEW

Overview

The United Kingdom

The UK plastic pipe industry manufactures and supplies products for a range of applications in drainage, plumbing, heating and ducting. The overall market size was estimated at approximately £1,019 million in sales in 2012, according to the MBD September 2013 Report. The principal market sectors of the UK plastic pipe industry include: the building and installation sector which the Directors believe represented approximately 65% of the market in 2012; the civils and infrastructure sector which the Directors believe represented approximately 14% of the market in 2012 and the direct supply of utilities companies which the Directors believe represented approximately 21% of the market in 2012. The table below presents the size of the overall UK plastic pipe market by manufacturers selling prices from 2008 until 2012.

	UK market for plastic tubes and pipes for the years 2008-12 (£m, MSP)				
Description	2008	2009	2010	2011	2012
UK market for plastic tubes and pipes	1,235	1,024	957	1,079	1,019
% change	—	(17.0)%	(6.6)%	12.8%	(5.6)%

(Source: MBD September 2013 Report)

The segments of the UK plastic pipe industry in which we compete include the building and installation sector and the civils and infrastructure sector. The Directors believe the customer base for the plastic pipe industry in the United Kingdom is highly consolidated with the top four national merchants (being Grafton Group plc, Jewson Limited, Wolseley UK Limited, Travis Perkins Trading Company Limited (which, for the purposes of this statement excludes Wickes Building Supplies Limited, which is part of Travis Perkins Trading Company Limited's group)) accounting for approximately 71% of the total builders merchant market, with independent merchants accounting for the balance of market demand.

France

The French plastic pipe industry manufactures and supplies products for a range of applications in the building and installation sector and the civils and infrastructure sector. Management estimates that the overall market size in 2012 was approximately €1.37 billion. According to the Euroconstruct Report 2013, although moderate declines are expected in both the residential and civil engineering markets in 2014 due to tax increases, reductions in government spending and ongoing fiscal consolidation, a return to growth in both markets is expected in 2015.

The segments of the French plastic pipe industry in which we compete include the potable water, cable protection, gas and agriculture segments, which serve both the building and installation sector and the civils and infrastructure sector.

Industry Growth Drivers

The Directors believe that there will be continued sales growth in our industry from the ongoing long-term trend of substituting copper, steel, clay and concrete pipe products with plastic. Plastic enjoys a number of intrinsic characteristics which have contributed to its growth in popularity in recent years, most notably its high resistance to corrosion and chemical attack, its relatively low cost and low installation cost, manufacturing processes that allow long pipe lengths to be produced, thereby reducing the number of joints, and its lighter weight in transportation against heavy building materials. Plastic pipes also offer a significant advantage in relation to buried installations because the flexibility of the pipe system is more able to cope with ground movement. In addition to their longevity in use, plastics are also suitable for recycling after use both physically and chemically from site off-cuts or end of life recycled material.

Recent regulatory changes in the management of water (including the Flood and Water Management Act 2010 in the United Kingdom) have introduced the requirements for surface water control and flood prevention systems, fuelling additional demand in the drainage sector and the opportunity for innovative product solutions to meet these evolving market needs. Changes to the regulatory framework have also been aimed at the need to reduce the carbon emissions from buildings and residential dwellings (including the Climate Change Act 2008 in the UK). This has stimulated, for example, the adoption of more carbon efficient heating systems including underfloor systems that allow the efficient use of low carbon energy sources such as heat pumps and air pumps. These changes are also now driving the requirement for more efficient ventilation systems incorporating heat recovery solutions. The Directors believe that plastic piping systems will play an increasingly important role in enabling the effective installation and performance of these sustainable building technologies.

The UK building and construction sector has stabilised and started to recover since the significant slowing in housing market activity and housing transactions following 2007 and during the subsequent recession. In October 2010, the UK government announced a comprehensive spending review, including reductions in government spending on various capital investment projects. However, since March 2011 the UK government announced a range of investments aimed at stimulating construction activity and housing activity. These measures include the "NewBuy Guarantee Scheme" (a joint initiative between the Home Builders Federation and the Council of Mortgage Lenders) and "Help to Buy", each of which are intended to improve access to mortgage finances. In addition, "Help to Buy-Wales" was launched by the Welsh government on 2 January 2014.

The CPA Winter 2013-14 Report for 2014 to 2017, which takes into consideration the UK government's residential construction stimulus initiatives and the wider economic recovery, forecasts a 3.4% growth in total UK construction output for 2014, 5.2% growth in 2015 and continuing growth thereafter until 2017. In particular, private sector recovery is expected to continue over the next few years, and investment in private housing starts are forecasted to grow approximately 33% from 116,601 in 2013 to 154,793 in 2017. Residential RMI is expected to grow through to 2017 driven by improvements in the economy, a strengthening housing market and better credit conditions. A combination of improved economic growth and increased public sector spending as compared to the period during and immediately following the recession means that the construction industry is forecast to experience a growth in output during 2014 that is expected to outpace UK GDP. The table below presents the forecast size of the total UK construction output from 2013 until 2017, calculated at constant prices based on 2010 prices.

	UK construction output forecast				
	2013	2014	2015	2016	2017
			£bn		
Total UK construction output	112	116	122	128	132
% change	1.0%	3.4%	5.2%	4.4%	3.8%

(Source: CPA Winter 2013-14 Report)

Competition

Competition from imports is often less intense in the pipe industry than other industries, given the weight and volume of most piping materials and products and the local nature of many building and construction projects. The Directors believe that the UK pipe industry is particularly unattractive for non-domestic companies, as for a number of product systems, imperial measurement standards present a barrier to non-UK entrants. In addition, obtaining required approvals and meeting applicable standards can be time consuming and shipment to the UK from abroad can be particularly expensive as compared to, for example, shipment between Continental European countries. The French market is relatively concentrated in terms of distribution with a small number of large distributors working with multiple French and other manufacturers and suppliers. Competition in France is also marked by the commoditisation of many of the products in our markets, leading to significant pressure on prices. As with the UK, competing effectively in the French plastic pipe market usually necessitates a local manufacturing presence adapted to local market characteristics, which requires significant capital investments.

Key Industry Sectors

Building and Installation

The building and installation sector comprises the largest sector of the UK plastic piping products market and the Directors believe it makes up approximately 65% of the total plastic piping market in the United Kingdom. Within the building and installation sector, principal product applications include drainage, heating, plumbing and building services.

Building and installation activity is broken down into the residential (e.g. houses, flats and state-funded housing) and non-residential (e.g. commercial and retail, offices, industrial and warehousing, education and health facilities) sub-sectors. Within these sub-sectors, construction activity consists of both RMI and new build activity. The RMI market in the United Kingdom consists of residential renovation and non-residential renovation which, in part, is of an essential nature. This market has a fragmented base of customers and end-users which helps drives margins that are higher than certain of our other primary markets. The private housing RMI sub-sector, which is influenced by the levels of housing transactions, finance availability and consumer expenditure, has been relatively less affected in comparison to the new build private housing sector during the recent period of recession. Public housing RMI output is primarily determined by basic repairs and maintenance to the existing housing stock that cannot be delayed beyond medium term.

The new build sector includes the market for new housing construction. Approximately 144,541 units were started in 2013, split between the public sector (approximately 19%) and the private sector (approximately 81%) representing a 36% increase from 2009 (source: CPA Winter 2013-14 Report). The Directors believe that the prospects for UK private residential new build volumes in particular will continue to strengthen due to the UK government's focus on ensuring increased volumes of new build housing construction to meet the long term structural underbuild in the UK. Furthermore, although national developers are currently responsible for a proportionally larger share of new build projects in the United Kingdom, the Directors believe that sales to regional and local builders will increase as new build volumes increase, which will have a positive impact on our margins.

Civils and Infrastructure

The civils and infrastructure sector includes sales of pipe products for use in civil engineering and infrastructure projects and the Directors believe makes up approximately 14% of the total plastic piping market in the United Kingdom.

Products in the civils and infrastructure sector are characterised by larger diameter pipes for utilities, sewerage, civil engineering projects, and for road, rail and agricultural drainage.

Growth in the civils and infrastructure sector in the United Kingdom is generally driven by UK government investment in infrastructure and spending by utility companies including the provision of services to new build housing. In addition, this sector is affected by changes in legislation, such as regulations governing rainwater management and regarding burial of high voltage electricity cables. The Directors believe the civils and infrastructure market will continue to benefit from UK government policy initiatives to increase long term investment in transportation including the road and rail network and in the energy infrastructure market. The Directors also believe growth opportunities will arise through the continued substitution of plastic for concrete and clay products where ease and speed of installation are increasingly important.

Drainage, Water Supply and Building Service

Plastic pipes have been used for decades in a variety of drainage, water supply and building service applications (for example, underground drain and sewer and above-ground rainwater, soil and waste systems and potable water) and provide advantages such as enhanced hydraulic flow and chemical and abrasion resistance when measured against other materials commonly used for pipes. The building and installation sector includes pipes and fittings for both above-ground and below-ground drainage and water supply and building services. Plastic below-ground drainage products comprise drainage pipes and sewerage. Plastic water supply and building services products comprise potable water supply and mechanical systems for non-potable water, cooling and chemical drainage.

With total UK market sizes of approximately £238 million in 2013 for above-ground drainage (as estimated by the Directors) and £602 million in 2012 for below-ground drainage (source: MBD August 2013 Report) the drainage market is relatively mature. However, although plastic piping products served approximately 80% of the above-ground drainage market and approximately 73% of the below-ground drainage market in 2012 (sources: AMA Research Report 2013 and MBD August 2013 Report), the Directors believe that the substitution rates of over 0.5% in respect of above-ground drainage and over 2.0% in respect of below-ground drainage, from 2008 through 2012, along with continued product development, will lead to further substitution of plastic products for legacy materials. In addition, water management regulation changes are driving the growth of new solutions to meet SUDS requirements and the growing requirement to re-use water via rainwater harvesting systems, increasing the quantity of piping required for new construction.

Heating and Plumbing

With a total size of approximately £163 million in 2012 (source: AMA Research Report 2013), the Directors believe that the UK plumbing and heating supply markets represent a substantial opportunity for us. Over the past thirty years, plastic pipes have gained a reputation for reliability in heating and plumbing, and offer the further advantages of durability, light weight, corrosion resistance, and flexibility. In addition, they are designed to resist the temperatures and pressures encountered in hot water systems. The development of underfloor central heating systems utilising plastic piping represents a significant growth opportunity in the UK heating and plumbing sector where traditional radiator based heating systems (measured according to the number of radiators that underfloor heating systems' output would be equivalent to in radiator output) represented approximately 97% of the combined market for radiators and underfloor central heating systems in 2011 (source: BSRIA Report 2012) and they continue to dominate the market. The aesthetic, comfort and energy reduction benefits of underfloor heating are now becoming more widely understood in the United Kingdom. As of 2012, plastic products in the United Kingdom had the lowest penetration of the heating and plumbing markets in Europe (source: KWD Report 2012). The Directors estimate that approximately 36% to 40% of the overall heating and plumbing market is served by plastic products. According to the KWD Report 2012, only 5.3% of the heating market is served by underfloor heating systems. With more major UK pipe manufacturers offering underfloor heating systems, the Directors estimate that volume growth for these systems will be between 4.0% to 4.5% annually in the medium term. Embryonic markets are also developing, including the market for insulated piping systems to convey heated water from remote energy sources such as combined heat and power plants, and the market for geothermal pipe systems to collect energy stored underground.

PART 6
THE BUSINESS

Investors should read this Part 6 "The Business" in conjunction with the more detailed information contained in this document including the financial and other information appearing in Part 9 "Operating and Financial Review". Where stated, financial information in this section has been extracted from Part 11 "Financial Information".

Overview

We are the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic pipe systems for the residential, commercial, civils and infrastructure sectors by revenue. We operate from 16 facilities in total, and with over 20,000 product lines, we manufacture the United Kingdom's widest range of plastic piping systems within our target markets. We primarily target the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world. Our principal manufacturing locations are in the United Kingdom with eight facilities and we have three additional manufacturing sites located in France and one in Italy. We also have three distribution warehouses in Northern Ireland and Scotland and a sales office in Dubai.

The Directors believe that Polypipe is the leading brand across the key sub-segments of building and installation and civils and infrastructure of the UK market in which we operate and that we have a significant presence in the independent builders merchant sales channels in the United Kingdom, as well as in the UK national merchants and DIY chains. The Directors also believe that we generate approximately equal revenue from sales to the two primary customer groups in the UK market: the independent builders merchants (including specialist distribution, buying groups and DIY sales) and the top four UK national merchants.

We have a strong reputation for a broad range of products, product reliability and the ability to tailor product solutions to the needs of our customers and the end-users of our products. The Directors believe that this reputation, coupled with our large sales and technical team, helps generate strong "pull-through" sales whereby the end-users of our products, primarily the housebuilders, civils and commercial developers and asset owners and self-builders, request or require that the contractors and installers working on their projects use our products.

The Directors believe our strong market positions, breadth of product systems and diversified and localised distribution base consisting of a network of national and independent merchants, coupled with an experienced and stable management team, have enabled us to demonstrate resilience through the recent economic recession.

Following a decline in revenue from £297.4 million (UK GAAP) for the year ended 31 December 2007 to £252.5 million (UK GAAP) and £269.5 million (UK GAAP) for the years ended 31 December 2009 and 2010 that coincided with the decline in the UK construction market, our revenue for the year ended 31 December 2013 was above our 2007 pre-recession level and the Directors believe that our UK operations have outperformed the UK construction market since 2008. In the years ended 31 December 2011, 2012 and 2013 we generated revenue of £286.4 million, £282.0 million and £300.8 million and Adjusted EBITDA of £39.9 million, £49.4 million and £54.0 million, respectively.

Divisions

We report our business from two divisions that reflect the principal end-user applications for our products: the Residential Piping Systems division and the Commercial and Infrastructure Piping Systems division. In the years ended 31 December 2011, 2012 and 2013 our Residential Piping Systems division generated revenue of £151.1 million, £152.3 million and £158.7 million, respectively, while our Commercial and Infrastructure Piping Systems division generated revenue of £146.0 million, £140.7 million and £152.6 million, respectively. In the years ended 31 December 2011, 2012 and 2013, our Residential Piping Systems division generated Adjusted EBITDA of £27.2 million, £32.2 million and £33.4 million, respectively. During these periods our Commercial and Infrastructure Piping Systems division generated Adjusted EBITDA of £12.7 million, £17.2 million and £20.6 million, respectively.

Residential Piping Systems

The Residential Piping Systems division engages in the manufacture and sale of plastic pipe systems, fittings and ancillaries for applications in the residential sector, comprising both the RMI and the new build sub-sectors. The division also engages in the manufacture and sale of domestic ventilation and ducting systems as well as the manufacture and sale of pre-packed heating, plumbing and ventilation components and accessories for the UK DIY sector. The principal trading companies for this division are Polypipe Building Products, Polypipe Ulster, Polypipe Ventilation and Robimatic.

Commercial and Infrastructure Piping Systems

The Commercial and Infrastructure Piping Systems division comprises the sale of plastic drainage, sewerage, ducting, water management and plumbing and heating systems for use in the UK civils, infrastructure, agriculture and commercial development sectors. The division also includes our Continental European businesses that are engaged in the sale of plastic electrical and communications ducting, water and gas supply and conduit systems. The principal trading companies for this division are Polypipe Civils, Polypipe Italia, Polypipe France and Polypipe Terrain.

History

The original Polypipe business was founded in 1980 as a manufacturer of extruded and moulded plastics for the building industry. From our origins as an independent and smaller-scale manufacturer, we developed strong relationships with, and paid particular attention to, the needs of our numerous and diverse independent merchant customers in particular. As we continued to grow in revenues and market share, we became a fully-listed company in 1986.

During the 1980s and 1990s, we embarked upon a series of acquisitions to broaden our product offering and market base, which led to the formation of the current Polypipe Civils and Ulster businesses. We also expanded our presence as a Continental-European manufacturer and supplier of piping and ducting products through acquisitions in France and Italy.

In 1999, we were acquired by IMI plc who subsequently purchased the Robimatic business in 2000. We were acquired from IMI plc by Castle Harlan Partners IV, L.P., a fund advised by Castle Harlan, Inc., in September 2005 in a management buy-out (the “2005 Management Buy-out”).

In August 2007, the management team bought out the equity controlled by Castle Harlan, with the backing of Bank of Scotland Integrated Finance. In 2010, Bank of Scotland Integrated Finance’s interest was acquired by Cavendish Square Partners Limited Partnership, a limited partnership advised by Caird Capital LLP. Management of the Group, which comprised approximately 60 members or former members of the Group, still, however, retained voting control of the Company, although this is not representative of the economic interests in the Company. For further information regarding the interests of the Selling Shareholders prior to and following the Offer, please refer to Part 12 “The Offer” of the Prospectus.

Since the 2005 Management Buy-out, we focused on our core markets and geographies, where we have had a strong or leadership position by making a number of acquisitions and disposals. The Directors believe that this enabled us to achieve a more streamlined and cohesive business with more revenue generation across our core markets. In addition, we consolidated our operating activities into our principal manufacturing sites, thus gaining efficiencies as well as releasing cash tied up in the smaller facilities.

As part of our program of acquisitions and disposals, in July 2007, we acquired the terrain business of Geberit UK Ltd to form Polypipe Terrain. Polypipe Terrain now forms a part of our Commercial and Infrastructure Piping Systems division. The formation of Polypipe Terrain has allowed us to focus more closely on the commercial piping systems market through Polypipe Terrain’s strong relationship with key public health engineers and mechanical and electrical contractors who respectively specify and install products in this sector. In May 2009, we completed the acquisition of the rainwater and drainage business of Marshall-Tufflex. The acquisition enhanced our core rainwater offering and developed new business channels. In addition, in February 2010, we completed the acquisition of the ventilation business of Silvavent which strengthened our position in the UK ventilation systems market.

In March 2007, we sold Gabo Systemtechnik GmbH, our German operating company largely focused on OEM customers. In December 2007 we sold Pagette GmbH and in January 2008, we sold Polypipe Sanitary Systems Limited formerly Polypipe Bathroom and Kitchens Product Limited. In addition, in September 2008, we sold Domus Ducting Polska sp. Z.o.o. and in December 2010, we sold the business and assets of Elcadent. With these disposals we reduced our exposure to original equipment manufacturers who in turn have a significant reliance on new build activity.

Key Strengths of the Group

The Directors believe that the Group's key strengths include the following:

Market Leadership in an attractive UK Construction Market

The Directors believe that we are the largest manufacturer in the United Kingdom of plastic pipe systems for the residential, commercial, civils and infrastructure sectors, with leading market share (measured by revenue) in the UK building and installation plastic piping market and the UK civils and infrastructure plastic piping market. Our manufacturing scale, with eight manufacturing facilities in the United Kingdom, provides us with the opportunity to take advantage of the forecasted growth in the UK construction market, driven by wider economic growth, increasing housing demand and increased infrastructure spending by the government.

According to the CPA Winter 2013-14 Report, construction output in the United Kingdom is expected to grow 3.4%, 5.2%, 4.4% and 3.8% during the period from 2014 to 2017, respectively, with housing construction expected to reach pre-recession levels by 2015. These figures include an increase in RMI and new build construction from £21.1 billion and £23.3 billion, respectively, in 2014 to £23.1 billion and £27.2 billion, respectively, in 2017.

The Directors also believe that the UK construction market has long-term structural growth potential. Housing starts have historically not kept pace with demand, even prior to the start of the recession, and with approximately 221,000 new households per year expected to be formed in England between 2011 and 2021, the Directors expect demand for new build housing to continue to strengthen and that sales to the new build sector will generate a larger proportion of the Group's total revenue going forward.

In addition, a number of sub-sectors of the UK construction market in which we have achieved significant penetration are expected to outpace the growth of the broader UK construction market. According to the CPA Winter 2013-14 Report, spending on roads, water and sewage, electricity and rail are expected to grow at 8.3%, 11.0%, 18.2% and 5.3%, respectively, from 2014 through 2017.

Significant Structural Growth Opportunities in the Plastic Piping Industry

The Directors believe that the plastic piping market is well positioned to capture an increasing share of the piping market in the United Kingdom, France and the Middle East. Although substitution of plastic piping for legacy materials, such as copper, cast iron, concrete and clay has become commonplace in many European markets because of plastic's ease of installation, convenience and durability, penetration of plastic pipes in the United Kingdom and France is among the lowest in Europe. The Directors estimate that approximately 36% to 40% of the pipe in heating and plumbing systems in the United Kingdom is served by plastic products. According to the KWD Report 2012, 52% of the pipe in heating and plumbing systems in France were plastic, compared to 90% and 69% in Switzerland and Germany, respectively.

In addition, the Directors anticipate growth driven by UK environmental legislation and regulation aimed at creating a more sustainably built environment, particularly with respect to carbon reduction and water management (both conservation and flood management). We are continuously developing innovative and comprehensive plastic piping systems to fulfil that demand, including underfloor heating systems, stormwater management solutions and heat recovery ventilation and earth duct systems. The Directors believe that plastic piping systems, such as our products, are essential for the continued development of sustainable building technology that is increasingly required for construction in the United Kingdom. During the year ended 31 December 2013, the Directors estimate that we generated approximately 28% of our revenue from Development Products, which comprises the 14.8%, 8.4% and 4.4% of our total revenue that we generated from material substitution, water management products and carbon efficiency, respectively. This is a substantial increase from the year ended 31 December 2006, during which the Directors estimate that we generated approximately 13% of our total revenue from such products.

Overall, following a decrease in the size of the plastic piping market in the United Kingdom that coincided with the recession and contraction of the broader UK construction market, the UK construction market has stabilised. The market is currently below pre-recession levels and driven by factors above, the Directors believe there are substantial opportunities for growth.

A Differentiated Product Range Focused on Higher Margin Integrated Piping Systems and Fittings

With over 20,000 product lines, we manufacture the United Kingdom's widest range of plastic piping systems within our target markets. Our UK operations generate approximately 56% of our revenue from sales of fittings and system ancillaries, which generally carry higher margins than pipe products, and approximately 44% of our revenue from sales of tubes and pipes. Given that fittings make up approximately 24% of the piping systems in the UK, with tubes and pipes making up approximately 76% (source: MBD September 2013 Report), the Directors believe that our proportion of sales of fittings and system ancillaries is higher than the overall market and provides us with the ability to act as a "one stop shop" for our customers. The breadth of our product range, coupled with our in-house technical and design teams and our state-of-the-art manufacturing process, allows us to work closely with end-users to provide piping solutions for their construction and engineering projects.

Brand Strength and Successful Business Model in a Market with Relatively High Barriers to Entry

Since late 2005, we have invested approximately £130 million in what the Directors believe is a state-of-the-art and highly automated manufacturing asset base and in-house logistics infrastructure that will require no further significant investment in the event that production requirements increase as the Directors expect. In addition, the Directors believe that we are the most widely recognised brand in the UK plastic pipe market with a particular reputation for quality, value for money and breadth of product range. Our large sales team has helped leverage this reputation into long-standing relationships with a diverse group of customers, including the specifiers, contractors and installers who create much of the demand in the UK plastic piping market, which has, in turn, generated strong "pull-through" sales for our products and systems from our distributors.

The Directors also believe that we enjoy a further measure of protection from new entrants in the UK market, particularly Continental European manufacturers, due to the bulkiness of our products and related high shipping costs, UK product sizing that is based on imperial measurements as opposed to the metric system used in Continental Europe and product standards that are dictated by UK-specific building codes and norms. The Directors believe that in order for new entrants to compete in the Group's primary UK markets, such entrants would need to invest heavily in manufacturing facilities and a distribution network in the United Kingdom in order to produce and distribute the products on the scale of the Group.

Strong Financial Performance Despite Economic Downturn

Despite a 7.5% decline in UK construction output during 2012 (source: CPA Winter 2013-2014 Report) and only a slight improvement of approximately 1% growth in 2013 (source: CPA Winter 2013-2014 Report), revenue generated from our UK operations during those periods increased from £221.6 million for the year ended 31 December 2011 to £225.6 million and £243.2 million for the years ended 31 December 2012 and 2013, respectively. In addition, our Adjusted EBITDA figures have steadily improved in recent years. Following a £2.8 million decline to £34.4 million for the year ended 31 December 2009 (UK GAAP), our Adjusted EBITDA has improved to £36.1 million (UK GAAP), £39.9 million, £49.4 million and £54.0 million for the years ended 31 December 2010 through 2013, respectively.

In addition, our Adjusted EBITDA margin for our Group operations for the year ended 31 December 2013 was 18% and, when the results of our UK operations are isolated, the Adjusted EBITDA margin climbs to 21% for the period. The Directors believe this is well ahead of the EBITDA margins achieved by our primary competitors in the United Kingdom.

Despite lower sales volumes due to relatively difficult market conditions, these results reflect Adjusted EBITDA figures that are above pre-recession levels. We were able to achieve this through a re-focus on our core markets, capital expenditure that focused on growth opportunities and a series of efficiency initiatives that, the Directors believe, has left us with industry-leading margins. In addition, our strong cash flow from operations has allowed us and, the Directors believe, will allow us, to pay down certain of our outstanding debt liabilities.

Experienced Management Team

The Executive Management Team (excluding the Non-Executive Directors) collectively have worked for the Group for over 100 years. They have refocused and reinvigorated the business since 2005 and strengthened the Group's reporting disciplines with established comprehensive public debt reporting. With a strong culture focused on commercial and manufacturing excellence, the Directors believe that this team will continue to help us execute our strategy going forward.

Strategy of the Group

Our overall strategy is to continue to focus on expanding our existing core markets, by leveraging the strength and reputation of the Polypipe brand and the breadth of our plastic piping systems. In doing so, we aim to meet the increasingly complex needs of modern construction to drive our growth at a faster rate than the UK and European construction market recovers. We intend to finance our strategy with cash from our operations and, if necessary, utilising our current banking facilities (further details of which are provided at paragraph 11 of Part 13 "Additional Information").

In order to achieve this objective, we intend to implement the following principal strategies.

Continued Product Development for Sustainable Construction

We have a strong track record of product development with key Development Products contributing approximately 28% of the Group's revenue in the year ended 31 December 2013, compared to approximately 13% in the year ended 31 December 2006. Our product development is primarily focused upon opportunities created from the environmental challenges of carbon efficiency and water management as well as material substitution, looking at installed cost and whole life costs compared to traditional materials and methods. We will continue to resource product development to address these key drivers.

Environmental Challenges

The Directors expect that continued changes in the UK building regulations will create further opportunities for new product introductions as the UK Government looks to address shortcomings in housing and infrastructure as well as issues such as energy efficiency and water management to alleviate flooding. There is also increased interest in the use of sustainable drainage systems to meet the increasing requirement to manage water as a scarce resource. We will continue to position our products to take advantage of opportunities arising from regulatory change and increasing social awareness of green initiatives.

Material Substitution

The ongoing substitution of traditional building materials such as copper, steel, concrete and clay for plastics represents a continuing opportunity for revenue growth. In particular, the continued development of our range of plastic plumbing systems is focused to take advantage of this opportunity. In addition, the ongoing development of UFH products represent a major opportunity for the substitution of radiators in existing dwellings and potential growth in new build houses. Our Polypipe Building Products, Polypipe Terrain and Polypipe Civils businesses are positioned to take advantage of the continued substitution of cast iron, clay and concrete pipes for plastic in the sewerage, above ground drainage and stormwater drainage markets.

Leverage the Group's Leading Brand Position and End-User Relationships

The Directors believe that Polypipe is the leading brand across the key sub-segments of building and installation and civils and infrastructure of the UK market, with a strong reputation for its breadth and reliability of its product range. In utilising our significant sales and technical market presence to leverage our brand position and our long-term relationships with contractors and specifiers, we will aim to generate further "pull-through" sales volumes for the merchants. We will continue to adapt our interface with all market segments and channels as advances in technology provide increased access to information and change purchasing behaviour. The use of more sophisticated customer relationship systems will also allow us to transfer more customer knowledge across our businesses so that we can further leverage our broad product range.

Continuous Investment in Processes and Efficiency Initiatives to Improve Margins

We have a strong track record of capital expenditure to improve capacity and operating efficiency and enhance operating margins. There are a wide range of focused efficiency initiatives in place across each operating division of the Group. We will continue to focus on such efficiency initiatives in order to reduce manufacturing and production costs.

Complementary Acquisitions to Supplement the Group's Existing Product Portfolio

We have a track record of successfully integrating acquired companies and businesses, and, while remaining selective in the pursuit of acquisition opportunities, we will continually review and assess potential acquisition targets. We would consider pursuing acquisitions which would accelerate our strategic priorities and where the Directors believe there is an opportunity to acquire new products which would complement our current product offering and which we can leverage through our sales network. We would also consider niche sectors where the

Directors believe the acquisition target has a significantly stronger brand than ours within our core geography. As with some of our prior acquisitions, we will also continue to focus on assessing businesses in our existing markets to which the Directors believe we can better manage or gain synergies, extend our geographic footprint and add shareholder value.

Extension of Polypipe's Presence in France and the Middle East

We intend to extend our coverage in the French market through the introduction of a broader range of existing products from across our business into sectors in which we have gained expertise in the UK. The Directors expect that similar concerns regarding rainfall density and frequency that have driven regulation in the UK will lead to enhanced requirements to manage water effectively in France.

We have a small sales office in Dubai and we currently sell certain of our products, principally Polypipe Terrain within our Commercial and Infrastructure Piping Systems Division, across the Middle East, where it has a strong reputation for quality amongst the British expatriate engineering community and British Standards form the base of many local specifications. Most of our products currently sold into the Middle East are manufactured and shipped from the United Kingdom, resulting in high distribution costs. However, although we do not currently have a firm timeframe, if our sales into this market continue to grow in line with our expectations, we would investigate establishing a manufacturing facility locally to more efficiently serve the region.

Overview of Divisions

We report our business from two divisions: Residential Piping Systems and Commercial and Infrastructure Piping Systems. A description of the products, customers and competitors of each of our divisions is set out below.

The following table lists our two divisions, the key sub-segments they target and the main product applications for each of these sub-segments.

Division	Sub-Segment	Products
Residential Piping Systems	Above-ground drainage	• Rainwater pipes and fittings • Soil and vent, traps and waste products
	Below-ground drainage systems	• Below-ground drainage and sewer piping systems • Potable water supply systems • Modular cell, and other stormwater management solutions • Rainwater harvesting systems
	Plumbing and heating	• Pipes for heating and sanitary systems • Underfloor Heating • Overlay Floor Heating • Geothermal piping systems • Insulated piping systems
	Stormwater drainage	• Modular cell, large diameter pipe and other stormwater management solutions • Flow control chambers and water treatment filters
	Ventilation fans and ducting	• Fans, ventilation, ductings and fittings • Heat recovery ventilation systems
	Packaged components	• Plumbing, heating and ventilation components
Commercial and Infrastructure Piping Systems	Above-ground drainage	• Soil and vent, traps and waste products • Siphonic rainwater drainage
	Plumbing and heating	• Pipes for heating and sanitary systems • Underfloor Heating
	Ducting and conduit	• Conduits and ducting for electrical and telecommunications cables
	Sewer	• Gravity sewerage systems
	Surface water drainage	• Surface and sub-surface drainage systems • Rainwater harvesting systems
	Stormwater drainage	• Modular cell, large diameter pipe and other stormwater management solutions • Flow control chambers and water treatment filters
	Pressure systems	• PVC, ABS and HPPE industrial piping systems
	Land drainage and irrigation	• Single wall plain and perforated pipes

Residential Piping Systems

General

Our Residential Piping Systems division is one of the UK's leading manufacturers and suppliers of plastic pipe systems, fittings and accessories for applications in the residential construction sectors. "Polypipe" is the UK's leading brand measured by revenue in the residential construction sector. The division has a broad and stable customer base and benefits from a proprietary distribution network and long-term relationships with our merchant customers. The Residential Piping Systems division offers a broad range of established products and has introduced several new product ranges, including further plastic plumbing systems, SUDS and UFH. The division benefits from its broad distribution network, to national and independent merchants, DIY chains and its presence in the higher margin RMI sector. For the year ended 31 December 2013, the division accounted for approximately 51% of our revenue and approximately 62% of our Adjusted EBITDA. Within this division, RMI sales and sales related to new build projects accounted for approximately 31% and 19% of our total revenue, respectively, for the year ended 31 December 2013.

Principal Product Markets

The principal product markets addressed by our Residential Piping Systems division include:

Above-ground drainage

Our above-ground product range is core to our business and is the initial market that the business entered into when it commenced trading in the 1980s. The product range includes rainwater pipes and fittings, soil and vent products, traps, pan connectors, overflow systems, waste pipes and fittings and other products sold under the Polypipe brand. The key products in this range are soil, waste systems in push-fit, solvent weld and compression joints and rainwater systems in a variety of both aesthetic designs and flow capacities. New products introduced in this product segment in recent years have included a range of high gloss rainwater systems that give enhanced aesthetic properties and cast iron effect rainwater and soil systems.

Below-ground drainage system and water supply systems

Our below-ground product range includes below-ground drainage and sewer systems and potable water supply products for the residential market. Although this is a mature market, the Directors believe that there are growth opportunities through product development. The product range includes underground drainage and sewer systems including pipe and fittings, junctions, gullies, chambers, adaptors and couplers. Similarly, new attenuation products, such as SUDS and rainwater harvesting systems, have been developed to take advantage of water management regulatory changes, and are designed to collect, re-use and redistribute surface water in a controlled and sustainable way. The product range includes the Polystorm modular cell system providing an efficient method of collecting and storing large volumes of water prior to soakaway or release into drains or sewers. The key products in this range are underground drain and sewer systems.

Our range of water supply systems include products for the supply of cold water into buildings for both potable mains water applications and for the supply of reclaimed rainwater. The product range includes the Polyfast system for all potable mains water applications, the Polyguard system for the supply of potable mains water on brownfield developments where traces of organic, inorganic, corrosive or toxic pollutants may still remain below-ground. Polypipe's reclaimed water supply pipe provides a colour coded indication that it is carrying harvested and therefore non-potable rainwater.

Plumbing and heating and thermal supply systems

Although our plumbing and heating product range includes hot and cold water plumbing and heating products sold under a number of brands for both water supply and central heating installations, our primary products in this range are sold under the brands PolyFit, PolyPlumb, PolySure and PolyMax.

The PolyFit and PolyPlumb ranges address two relatively discrete sectors of the push-fit plumbing market, while the PolySure range is aimed at the press fit sector in the residential market. The PolyPlumb push-fit system was launched in 1998. The PolyFit brand was introduced in 2004 to provide a push-fit, fully demountable system.

We have continued to develop our plastic plumbing ranges aimed at the substitution of copper in plumbing and heating installation. We have made continued functional and aesthetic improvements to our PolyFit range and in

February 2010 we launched a range of press fit fittings to complement our existing ranges providing a tamper proof fitting option. In July 2013 we launched a new range of plastic plumbing called PolyMax, a tool demountable system.

The Directors believe that UFH is emerging as a key solution to achieving carbon reduction in buildings through its substitution of traditional radiator based systems in particular by allowing for the use of energy efficient, low temperature heat sources including heat pumps.

Traditional UFH systems are designed to be fitted into new build properties whilst our Overlay floor heating systems are designed to be retrofitted and installed on top of an existing floor surface particularly for the RMI market. UFH systems are becoming more widely used in property developments as an alternative to the traditional radiator systems. Key products in this range include the Modular Heating Panels, Overlay and Screeded Floor System.

We have more recently introduced thermal supply systems into our product offer suitable to meet the growing demand for low carbon and renewable heating systems. The range includes pre-insulated pipes suitable for single plot applications where the supply of heated water to buildings is required from remote boilers or heat pumps where exposure to extreme cold is a threat, together with the requirement to insulate the pipe to prevent heat loss. We have recently extended our geothermal system which is aimed at exploiting the difference between ambient air temperature and the temperature below-ground to extract energy for heating or cooling buildings. This energy is transferred by pumping water through subsurface pipe known as a geothermal "loop". Our product range consists of dedicated geothermal collector pipes, manifolds and chambers.

Ventilation fans and ducting

Our ventilation product range includes mechanical extract fans sold under the Domus and Silavent brands together with ducting systems sold under the Domus brand. The market is relatively fragmented, with key competitors including Vent-Axia, Manrose, Greenwood Air Management, Verplas, Vectaire and Xpelair. A Polypipe manufactured heat recovery ventilation unit was launched in 2012 to meet the growing requirement for more energy efficient ventilation systems in buildings. The increasing emphasis on insulation and air tightness of buildings drives the need for greater control in the movement of air and as the leading manufacturer of rigid ducting we continue to develop enhanced ducting solutions coupled with introducing a range of heat recovery units.

Packaged components

Our Robimatic business markets a range of pre-packed heating, plumbing and ventilation components and accessories for the DIY, plumbing and builders merchant sectors. The business sources, pre-packages and distributes bought in and Group products which are sold as both branded and own-label items.

Customers

The Residential Piping Systems division addresses a broad customer base, which consists of a large number of independent builders merchants as well as national merchants. The division also supplies the retail sector. Our customers rely on our strong brand reputation and our extensive customer support networks. The Directors believe our strong customer relationships and ability to service diverse merchants are key to our success in this customer segment. The Directors believe our customers value our brand for the extensive end-user demand it commands as well as for breadth and reliability of our products.

Given that our customers are generally not the end-users of our products, it is difficult to determine with certainty in which sector of a market our sales are used after we sell them to our customers. However, for the year ended 31 December 2013, the Directors estimate that approximately 31% of the Group's revenue was generated by the residential RMI sub-sector, which has traditionally been more stable than the new build sub-sector, which the Directors estimate generated approximately 19% of the Group's revenue in 2013. The Directors believe that this exposure to the residential RMI sector, which generally generates higher margins than the "new build" segment, is higher than normal for the industry in the United Kingdom. RMI sales are often driven by the essential repair nature of the products and so are less subject to cyclical downturns in economic growth than new build sales. In addition, RMI activity has historically benefited both from volume of housing transactions when buyers undertake new-home refurbishment and also from increases in renovation expenditure in weaker housing markets when people choose not to move home.

In contrast with our RMI sales, our product sales in the new build sector help us secure a better defined revenue stream once a contract is gained (even though volumes are not typically guaranteed under the contract). Our direct relationship with contractors, developers and house builders in the new build sector, who recommend to end-use customers the manufacturer's products to be used for different pipe system needs, generates sales for our products. Accordingly, we seek to maintain a balance between product sales to the RMI and new build markets in order to achieve high market shares and sustain operating margins.

The majority of sales for this division are into the mainland UK and Irish markets

Competition

The division's principal competitors are Wavin and Aliaxis, along with a number of smaller competitors, some of whom specialise in individual product systems.

Raw Materials, Suppliers and Manufacturing

The key raw materials used include PVC, polypropylene, polyethelene, polybutylene and polystyrene. We have several suppliers of resin and other primary materials, including stabilisers and pigment, to alleviate any potential supply issues and to ensure that a competitive price is always received.

This division manufactures its products at our main manufacturing facilities in Doncaster (South Yorkshire) and Dromore Road, Lurgan (Northern Ireland).

For additional information concerning our suppliers and procurement of raw materials, see "The Group – Procurement of Raw Materials and Suppliers" in this Part 6 "The Business".

Commercial and Infrastructure Piping Systems

General

Our Commercial and Infrastructure Piping Systems division comprises our Polypipe Civils, Polypipe Terrain and mainland European businesses.

Polypipe Civils offers a broad product range and the Directors believe this business is viewed by customers as a "one stop shop".

Polypipe Terrain, since its acquisition in July 2007, has broadened its product range offering to the UK commercial market including plastic plumbing and noise attenuated soil systems. The "Terrain" brand offers a solution that is tailored to the needs of specifiers and installers in commercial construction.

Polypipe France manufactures products for the electrical ducting, utilities, civils and agriculture markets in France. In the electrical sector, demand for our ducting including pre-wired is supplied through distributors. In the civils sector our main focus lies in the manufacture and supply of polyethelene pressure pipes in accordance with the French compliance standards, Normes Françaises, for both potable water and gas applications, as well as in the agricultural irrigation market. These products generally carry lower margins than the products we supply to other markets and sectors. We are also a supplier for the twin-wall corrugated pipe market for drainage.

Polypipe Italy operates from our manufacturing facility near Genoa producing high-grade PVC and ABS industrial valves and fittings for sale into industrial developments, process industries, utility companies and the residential swimming pool market. Its products are distributed into the domestic Italian market and exported through a wide network of agents and distributors.

Our sales office in Dubai, which currently has 10 employees, focuses on end-user demand and sales to merchants throughout the region. Such sales are primarily carried out through Polypipe Terrain.

For the year ended 31 December 2013, the Commercial and Infrastructure Piping Systems division accounted for approximately 49% of our revenue and approximately 38% of our Adjusted EBITDA. Within this division, sales by our UK civils, other European and UK commercial businesses accounted for 20%, 18% and 11% respectively, of our total sales for the year ended 31 December 2013.

Principal Product Markets

Above-ground drainage

The above-ground drainage product systems are core to the “Terrain” branded product offering. The product range primarily consists of soil, vent and waste systems. The key products in this range are the TerrainPVC soil and waste systems with solvent weld and push-fit jointing options and push-fit and solvent weld waste systems. In addition we offer a range of high performance drainage systems including the Fuze high density polyethylene system which features higher levels of impact and abrasion resistance and higher resistance to chemical corrosion and temperature extremes. Other high performance drainage systems include the Terrain Accoustic dB12 offering a solution to potential noise and vibration in soil and waste pipework systems particularly in multi occupancy buildings. Polypipe Terrain also offers the Firetrap range of sleeves to provide fire protection for drainage stacks to meet and exceed building regulations. Off-site prefabrication facilities in our Polypipe Terrain business enable us to offer prefabricated soil stacks manufactured under factory-controlled conditions including bespoke fittings to meet individual project requirements. This provides specifiers and installers the benefits of speed of installation, reduces labour costs, eliminates waste and provides a level of precision and quality that is hard to be achieved on site.

Ducting and conduit

Our ducting product range includes polyethylene pipes for the protection of electricity and communication cables. Ducting products are typically either twin wall corrugated PVC pipes in small diameters or straight walled PVC pipes in larger diameters. Ducting systems have historically been a growth area for this division, primarily driven by regulations requiring the burying of high voltage electricity cables, and public sector projects such as the installation of improved motorway communication systems. The ducting provides protection to the infrastructure whilst retaining easy access for repairs and replacement of the cables or pipelines they protect. All our cable protection solutions are colour coded according to National Joint Utilities Group guidelines and include a full range of access boxes, pole boxes and covers.

Our range of Janoplast branded products for the French market include polyethylene pipes for ducting and telecommunications applications and buried network applications that are colour coded to aid identification. They feature a double skin lined with silicon creating less resistance for feeding cables, therefore saving time and money on installation. In response to changing legislation covering building standards for public sector buildings in mainland Europe, innovative new products have been introduced by the division, including the Janojet range of halogen-free products. We also manufacture pre-wired, high and low voltage conduit systems to meet a variety of local cabling standards in the French market.

Sewer

Our sewer product range includes gravity sewerage pipes and fittings made from PVC and the Ridgisewer system, which has been designed as a substitute for concrete and clay sewer pipes. Available in a range of sizes up to 600mm there is a full range of bends, junctions, fittings and specialist fabrications available. Ridgisewer is strong enough to withstand a high degree settlement and ground movement and is highly resistant to sulphate attack and corrosion by sewer gases.

Surface water drainage

Our surface water drainage product range includes smooth or corrugated twin wall pipes, primarily manufactured from polyethylene and used in road, rail and commercial building and maintenance projects. The Ridgidrain system features a high strength-to-weight ratio and a flexibility that allows it to resist high traffic loads and settlement without cracking or leaking. Manufactured from high strength HDPE to a structured wall design that produces a robust but flexible pipe, Ridgidrain contains a high proportion of recycled material with no compromise in performance.

Stormwater management

Our stormwater management products range includes a developing range of water attenuation and rainwater harvesting products. Stormwater and rainwater management are growth markets following increased incidents of flooding in recent years and government-driven initiative to use SUDS. Water storage is essential in SUDS design because it serves to remove or arrest water that could otherwise go on to overwhelm drains, sewers and rivers during extreme storm events or periods of sustained rainfall. Our Polystorm product range is designed to gradually release rainstorm water back into the watercourse, mitigating potential flood risks, whilst our Rainstream product is designed to re-use rainwater in non potable water applications. The Polystorm system can be used to form a robust underground storage tank matching exact project specifications for ground conditions, surface traffic loads and volume requirements. We provide a range of options in the Polystorm range including Polystorm Lite for light loaded and pedestrian areas, through to Polystorm Xtra designed for car parks, lorry parks and other intensively trafficked areas. Permavoid is a geocellular system designed to provide ground water storage in shallower applications where excavation is limited by ground conditions or high water table.

Alongside our Polystorm range we also offer a large diameter pipe product range, Ridgistorm-XL, which is designed as a bespoke large diameter pipe solution tailored to customer's exact specifications for attenuation or water management schemes. With a range of diameters from 750mm to 3000mm, Ridgistorm-XL provides a solution with the appropriate profile strength and stiffness to meet individual site conditions and installation parameters. The Ridgistorm-XL system can be tailored to a wide variety of commercial, residential and infrastructure projects and is suitable for a broad range of applications, including surface water drainage, large-scale attenuation structures, specialist pipeline applications and foul sewers. We offer a number of alternative jointing methods including electro-fusion, a process that seals pipe sections by applying an electric current to 'weld' them together. The result is a fully welded system with excellent joint integrity.

Land drainage and irrigation

Our land drainage product range includes single wall corrugated PVC and polypropylene pipes. We provide a choice of materials, diameters, colours and coil lengths for use primarily in the sports, leisure and agricultural sectors.

Plumbing and heating

Our plumbing and heating product range includes hot and cold water plumbing and heating products sold under the PolyPress brand aimed at the press fit sector in the multi-occupancy residential and commercial markets.

Pressure systems

In our French business we supply a range of pressure piping systems including polyethylene pipes for applications in potable water, gas and irrigation markets. In our UK and Italian business we supply high-grade PVC and ABS industrial piping systems for the building services market.

Customers

The majority of Polypipe Civils' sales are made through civils merchants to end-users consisting of contracting and construction firms, regional electricity companies and regional water companies. Sales in the civil engineering market are also made through both national and independent merchants. The civils specialist distributor market is more concentrated than the general builders' merchants base.

Polypipe Terrains' sales are primarily through specialist commercial and industrial merchants to end-users including mechanical and electrical contractors, public health engineers and construction companies.

Polypipe France supplies electrical contractors with a range of conduit and ducting products through large national, regional and local distributors, as well as polyethylene pressure pipe systems to the civils market via specialist merchants and distributors.

Polypipe Italy produces fittings and valves for high pressure pipe systems in PVC, ABS, and polypropylene polyfusion materials for domestic and international customers.

Government and private sector spending in infrastructure, public works (including roadworks, utilities, health and education establishments and sporting facilities) and commercial industrial and retail sectors, impacts the sales of this division in our primary UK and French markets.

Competition

The Directors believe we are at the forefront of technology in the industry, operating an internal accredited testing facility in our Polypipe Civils business and giving technical and design support to end-users, including the production of bespoke products, which results in margins that the Directors believe are higher than average for the market. We have focused on the commercial, civils and infrastructure markets and have undertaken a more selective strategy in the lower margin utilities sector.

The Directors believe our principal competitors in the civils plastic pipe systems markets in the United Kingdom include Wavin, Naylor Drainage and JFC. The Directors believe Polypipe Civils occupies a unique market position with dedicated resources focusing on the civils market with a broad product offering.

Polypipe Terrain is a business focused on the UK commercial market. The Directors believe that the Terrain brand has a unique standing in the UK commercial market representing a high level of product quality and design, backed by strong end-user demand generated by its technical and design support and strong customer relationships. Principal competitors in this sector of the plastic pipe systems market include Aliaxis, Wavin and Geberit.

The principal competitors for our French ducting business comprise Arnould and Courant, both French manufacturers, together with a number of international suppliers. In the French civils market our key competitors are French manufacturers, including Ryb and Pipelife, although Italian, Spanish and German manufacturers have also penetrated some of the market. In the twin wall corrugated pipe market for our French business, our key competitors include System Group, Polieco and Hegler.

Polypipe Italy and Dubai are in relatively fragmented markets.

Raw Materials, Suppliers and Manufacturing

The key raw materials used by this division are polyethylene, polypropylene and PVC. Prices of the polymers, amongst others, have fluctuated on a monthly basis but have been relatively stable overall for the three year period ended 31 December 2013. We also use recycled polyethylene and PVC for applications outside of potable water transport, such as sewerage and rainwater drainage, where quality can be maintained and where permitted by regulatory standards. This division manufactures their products at three manufacturing facilities in the United Kingdom, three locations in France and one in Italy.

For additional information concerning our suppliers and procurement of raw materials, see “The Group – Procurement of Raw Materials and Suppliers” in this Part 6 “The Business”.

The Group

Sales and Marketing

The Directors believe that our extensive sales force and our strong customer relationships are a core strength of our business. From our origins as an independent and smaller-scale manufacturer, we have developed strong relationships with our merchant customers and we have continued to focus on their individual needs. The Directors believe that our continuing advantage over our competitors has been our willingness and ability to manage our channel relationships, whilst focusing on demand generation with contractors and specifiers. The extensive network of merchant outlets that forms our customer base ensures that our products are stocked and are available across an extensive geographic area.

The Directors believe that our ability to attend to and provide solutions to both our independent and national merchant customers has enabled us to maintain our market presence despite the consolidation of some of our independent merchant customers into the national merchant sector.

Our marketing strategy, wherever possible, is to generate demand from end-users (whether in the RMI, new build or civils applications sectors). Sales in all market sectors, except DIY retailers, are predominantly channelled through the independent and national merchant base. There are four principal sales channels to end-users:

- Over-the-Counter (“OTC”) sales are low volume cash sales by merchants to end-users;
- Over-the-Counter Collect sales are higher volume OTC sales made by merchants on account with credit terms offered;
- Delivered sales are large volume sales negotiated by merchants and delivered to regular, high volume end-users by the merchant; and
- Direct to Site are sales that are negotiated with housebuilders, property developers and contractors in order to ensure that they specify our product ranges for use as components in their domestic and commercial building projects, and which are delivered directly to the site by Polypipe and invoiced via the merchant.

The sales by our Residential Piping Systems division to the DIY sector are made directly to the major DIY retailers.

We rely on a salesforce of trained representatives within each of our businesses that maintains strong relationships with our customers. Our marketing strategy is focused on merchants, installers and contractors, as well as the professional construction, civil, mechanical and electrical engineering customer base. In particular, due to the critical nature of applications in this market sector, customers in the professional sector require comprehensive customer support and reliability. Through our contact with customers, we work to develop and market products and product lines that are adapted to their changing needs, including as a result of changes in applicable regulations and legislation. As at 31 December 2013, our marketing and sales team comprises approximately 200 employees and our technical and design team comprises approximately 45 employees.

In line with market practice and as part of our sales and marketing strategy, we have rebate agreements in place with our primary customers that generally have terms of one to three years and do not commit our customers to any minimum purchase volume or price. These rebate arrangements depend on the customer and products provided, and allow us to provide incentives for increased purchases across the product range.

The Directors believe that the Polypipe brand has a strong reputation across the UK markets for its broad product range and product reliability. The Directors believe that our reputation is strong amongst builders' merchants as well as end-users, where we have developed long-term customer relationships and brand loyalty that generate "pull-through" sales from our merchant distribution channel. We manufacture and market products under numerous brand names, including Polyplumb, PolyFit, Overlay, Polystorm, Ridgidrain, Ridgistorm, Ridgisewer, Ridgigully, Ridgiduct, Polyduct, Domus, Silavent, Oracstar, Terrain, PolyMax and RidgiStormXL.

The Directors believe our Terrain brand also has a strong reputation in the UK commercial market for its product quality and customer service. The Terrain brand has been built up over many years to provide above-ground drainage in the more demanding commercial applications such as schools, hospitals, sports facilities, shopping centres and other public buildings, as well as high rise structures both in the United Kingdom and in the Middle East, where the brand also has a strong presence. The product portfolio has been extended in recent years to embrace other above-ground drainage solutions in differing engineered plastics, such as Terrain Fuze and Terrain dB12. Polypipe Terrain's relationships with key public health engineers and mechanical and electrical contractors provides the basis for the continuing development of both innovative, new products as well as tried-and-tested solutions which minimise the time spent by contractors on site.

Polypipe France's position in the marketplace has grown in recent years and includes the Janoplast brands of Janoflex, Janodur, Quattroflex and Quattrodur as well as the pressure pipe brands of Polybleu, Polygaz and Dripter.

Procurement of Raw Materials and Supplies

Our primary raw material input is plastic polymers, namely PVC, polyethylene and polypropylene.

We use centralised buying across the Group to optimise purchasing opportunities. Certain of our businesses, such as Polypipe Civils UK within the Commercial and Infrastructure Piping Systems division, are able to make use of reprocessed materials, and further opportunities exist to expand our processing of waste materials following the recent commissioning of a plant, located in Horncastle, to sort and wash domestic household plastic polyethylene waste. Our packaging waste obligations are met via membership of a packaging waste compliance operation run by Veolia Environmental Services.

To achieve favourable polymer rebate terms, we have entered into rebate agreements with suppliers for the Group's needs in the United Kingdom and France. At the end of each year, we negotiate these rebate agreements with key material suppliers in the United Kingdom and France to determine the applicable rebate percentages and expected annual volumes. Following this annual negotiation, we negotiate actual prices and volumes on a monthly basis. In addition, we sometimes purchase from the spot market when prices are attractive. We can forward purchase PVC through a trading company for periods of one to four months but all other raw materials are purchased at prices on a monthly basis. The basic trends in gross market prices for our European businesses are similar to those in the United Kingdom.

We are a major consumer of electricity, which is used to power our extrusion and injection moulding machines. Over the last few years, the UK market has experienced significant increases in energy prices. Subject to the terms of our contract with our electricity supplier, we usually fix our UK electricity costs for one or two month periods. Although we are subject to penalties in the event that our overall consumption varies more than 20% above or below our contracted volumes, we have not exceeded the 20% limit during the past three years.

Manufacturing and Distribution

There are two principal manufacturing processes undertaken by the Group: extrusion and injection moulding. Extrusion is the process used to manufacture long lengths of linear products such as pipes, ducting and guttering. Injection moulding is used for non-linear products such as plumbing and drainage fittings, adaptors and ventilation components. Both processes use a variety of polymers, with polymer type being dependent upon the physical characteristics required of the end product, such as its strength, weight, resistance to temperature extremes, flexibility, rigidity and resistance to corrosion.

We operate sixteen facilities in total. We are one of the top ten manufacturers of plastic pipe and related products in Europe by revenue. Our principal manufacturing locations are in the United Kingdom with eight facilities and we have three additional manufacturing sites located in France and one in Italy. During the year ended 31 December 2013, most of our operations were using 24 hour/five days a week shift patterns. Subject to the availability of labour, most of our operations have the flexibility to move to the 24 hour/seven days a week shift patterns that we had often employed during the year ended 31 December 2007. We also have three distribution warehouses in Northern Ireland and Scotland and a sales office in Dubai.

We are continually seeking opportunities to improve our manufacturing facilities and operational efficiencies through capital investment and redeployment of current resources.

Distribution to our broad network of customers is an important aspect of our business. In the United Kingdom, we operate a large fleet of over 260 trailers and over 140 tractor units and rigid vehicles in order to service our merchant customers at short notice as many independent merchants do not have large premises with significant storage areas and therefore work with low stock holdings. Our ability to provide complete product deliveries at relatively short notice is crucial to our customers in order to ensure they can sell full systems. Customers may have most of the system in stock but need one component immediately or risk losing the entire sale, which is particularly true for transient installers who hold little stock and need products immediately.

In our distribution process, the Residential Piping Systems division operates a flexible working dispatch system to ensure we can cope with last minute requests and order additions.

Product Research and Development

Expanding our product range has been a key aspect of our growth. Through our market knowledge and close contact with customers over the life of their building and construction projects, we seek to refine our products to respond to the changing needs of our customers. Our PolyFit and Polyplumb lines, PolyMax, the Polystorm attenuation products, our UFH systems, our Permavoid system for shallow ground water storage and infiltration and our Ridgistorm XL large diameter piping system are examples of product innovations and developments that have responded to the changing needs of our customers and end-user markets driven by factors such as changing installation practices and regulations. Our product development strategy also focuses on efficient manufacturing and assembly methods producing cost effective products for a number of market sectors.

The impact of changing building regulations is also a key factor driving product developments and improvements. Regulations, for example those relating to ventilation within dwellings and the thermal efficiency of dwellings, impact and present development opportunities for both our Polypipe Ventilation and UFH businesses to launch products which can provide specific solutions which meet those regulatory requirements.

Our product development is focused on meeting the needs of our customers through the close integration of product development, marketing and manufacturing. In the United Kingdom, in particular, our products are often developed as a direct result of communications between our technical office and the project engineers. We offer the construction, civil engineering, utility, environmental and agricultural industries full technical support from design level until project completion which the Directors see as a significant competitive advantage and reinforces our strong relationships with customers.

Intellectual Property Rights

We rely on a combination of patents, proprietary know-how, copyrights and trademarks, together with confidentiality agreements, to establish and protect proprietary rights in our products and processes.

The Directors do, however, believe that our operations are not dependent upon any single patent, although trademarks and trade names are identified with a number of our products and are of importance in the sale and marketing of our products.

Employees and Industrial Relations

As at 31 December 2013, the Group had 2,017 employees, of which 1,786 worked in the United Kingdom.

As at 31 December 2011 and 31 December 2012, the Group had 1,941 and 1,956 employees respectively.

There are currently two trade unions recognised within the UK businesses of the Group, Community and Unite. Individual participation varies across the Group and may not necessarily be disclosed to us. Collective employee pay bargaining agreements are in place for those sites where there is trade union recognition. The Directors believe that industrial relations remain good across the Group, with an on-going productive dialogue between staff and management.

Our employees in France and Italy are subject to a range of employment law regulations and contractual arrangements that differ significantly from those governing our UK workforce. These regulations and arrangements impose costs and restrictions on the conduct of our business.

Employee Benefits and Incentive Schemes

Prior to Admission, the Executive Management Team and selected individual division managers have participated in an annual bonus scheme and bonus pool. The bonus scheme, which is based upon a percentage of salary, is payable upon the achievement of EBITDA, working capital and other targets at the Group level. Although these targets vary by individual (based upon their relevant division), all participants are incentivised to achieve and improve on the Group's annual budget.

The bonus pool is additional to the employee's bonus entitlement under the bonus scheme. The bonus pool is based upon a percentage of salary, irrespective of the employee's earnings under the bonus scheme, and is funded by a pool created from the EBITDA above a goal set by the Group. The bonus pool is then apportioned according to salary for all participating employees.

Please refer to paragraph 5 of Part 13 "Additional Information" for further details of the schemes to be implemented on and following Admission.

Principal Establishments/Facilities

The Group has a considerable property portfolio and, although the majority of properties are owned, there are a number of lease and licence arrangements in place. The majority of our lease agreements are long term leases and none of our material leases will expire within the next five years.

The net book value of our freehold land and buildings as at 31 December 2013 was £35.8 million.

Our principal operational establishments/facilities include:

Property	**Area Sq. Ft**
Residential Division	**Buildings**
Broomhouse Lane, Wood View, Edlington, Doncaster, DN12 1ES	224,084
Neale Road (off Wheatley Hall Road), Doncaster DN2 4PG	185,811
2410, London Road, Mount Vernon, Glasgow, G32 8XW	35,470
Dromore Road, Craigavon, Lurgan, Northern Ireland, BT66 7HL	51,500
Commercial and Infrastructure Division:	
Horncastle Industrial Estate, Horncastle, Lincolnshire, LN9 6JW	121,000
Rue de 1' industrie, F-81100, Castres, France	105,917
Avenue de Ia Fleuride, Zone industrielle, des Paluds, F-13400, Aubagne, France	54,035
Rue d'Altkirch, 68580, Seppois le Bas, France	107,800
North West Side of College Road, College Road, New Hythe, Aylesford, Kent, ME20 7PJ	187,572
Loughborough, Unit A & B, Charnwood Business Park, North Road, Loughborough, LE11 1LE	59,500

Insurance

Our current facilities are insured by stand-alone policies with combined property damage/business interruption limits of £100 million; employers liability with limits of £25 million; public and products liability each with total limits of £50 million; motor fleet insurance cover covering third party damage by cars of £50 million (with a limit for all other vehicles of £5 million); and directors and officers liability with a limit of £15 million. Other miscellaneous insurance policies are in effect covering our assets and operations for each of our businesses including insurance in respect of international and domestic transits.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Company and/or the Group's financial position or profitability.

Environmental and Regulatory Framework; Health and Safety

We are subject to extensive, evolving and increasingly stringent environmental, health and safety laws and regulations governing our products and operations. Applicable laws and regulations address, among other things:

- the maintenance of safe conditions and safe systems of work, in the workplace, including controlling employee exposure to hazardous materials;
- emissions to air and wastewater discharges to surface and subsurface waters;
- the generation, handling, use and disposal of hazardous and other waste materials;
- the clean-up of environmental contamination at our current and former operating properties and at third party disposal sites where wastes from our operations have been delivered;
- the types and quantities of chemicals and substances that we can use and ultimately be present in our products; and
- energy efficiency and carbon emissions.

UK Health and Safety Regulatory Framework

The Health and Safety at Work Act 1974 (as amended) requires that we ensure the health, safety and welfare of our employees, and others affected by our business so far as is reasonably practicable. Reasonably practicable is defined as a 'balance between cost and risk'. The Management of Health and Safety at Work Regulations 1999 (as amended) require us to have a management framework for the health and safety of our employees, and also require that we undertake risk assessments. The regulations require that once the level of risk has been evaluated we take reasonably practicable action to remove, or reduce and control, such risk.

The Control of Substances Hazardous to Health Regulations 2002, as amended, (COSHH) require us to (i) assess the potential exposure of employees and other persons to hazardous substances used or encountered at work, and (ii) prevent or adequately control such exposure.

We are also required under the Control of Lead at Work Regulations 2002 (CLAW) to minimise exposure to lead by effective engineering and organisational controls, and to implement a health surveillance program for all those who could be exposed to lead. We are also required to employ an occupational health nurse. We are obligated to ensure that employee 'blood leads' are within the safe limits.

The Control of Asbestos at Work Regulations 2012 (as amended) require us to carry out an assessment of all non-domestic properties where we are a duty holder to evaluate whether or not they contain any asbestos. If asbestos is found, its condition needs to be assessed and an asbestos management plan drawn up and implemented. If asbestos is found in a dangerous condition, it must be removed or sealed /enclosed. If the asbestos is required to be sealed or enclosed, it must be regularly inspected and maintained in good condition. We are also required to ensure that those who are likely to come into contact with asbestos are made aware of its location and the necessary action required to keep themselves and others safe from its exposure.

The Control of Noise at Work Regulations 2005 (as amended) impose obligations where the wearing of hearing protection is advisory (80 dB(A)) or mandatory (85 dB(A) respectively) and a daily exposure limit of 87 dB(A). Additionally, the regulations place emphasis on the implementation of action plans to reduce the level of employee exposure to noise to levels that are as low as is reasonably practicable.

Other specific legislation, particularly legislation covering the use of work equipment, manual handling, the use of computers, lifting equipment, pressure systems, working at heights, enclosed spaces, personal protective equipment, workplace standards and welfare, vehicles and transport, reporting of accidents, consultation with employees and control of contractors, are also applicable to us.

The Flood and Water Management Act 2010 covers a broad spectrum of water related issues and aims to provide for better management of flood risk and the protection of water supplies to the customer. Of note, the Flood and Water Management Act 2010 allocates roles and responsibilities for flood and coastal erosion risk management and encourages the deployment of sustainable urban drainage systems (that is, the implementation of water management practices and facilities designed to drain surface water in a sustainable manner). In addition, the Flood and Water Management Act 2010 grants additional powers for water companies to control non-essential uses of water.

UK Environmental Regulatory Framework

Part IIA of the Environmental Protection Act 1990 (as amended) contains a regime for dealing with liability for contaminated land. The regime imposes liability for clean up on those who either caused or knowingly permitted land to become contaminated. If such persons cannot be found then liability for clean-up falls instead on those who are currently in ownership or occupation of the land.

Section 34 of the Environmental Protection Act 1990 (as amended) imposes a general duty of care on all parties (from producers through to those conducting final disposal or treatment) to take reasonable precautions to ensure proper transfer and disposal/treatment of waste. Additionally, the Waste (England and Wales) Regulations 2011 impose requirements on those who import, produce, carry, keep, treat or dispose of controlled waste to ensure effective management and disposal of the waste and to keep waste transfer notes for two years from the waste removal evidencing that waste has been correctly collected and disposed of.

Under the Hazardous Waste Regulations 2005 (as amended), all businesses in England and Wales that produce hazardous waste must register their premises with the Environment Agency before they consign their hazardous waste. Waste consignment notes for hazardous waste must also be produced and retained for a period of three years. Premises that produce less than 500 kg of hazardous waste per year are exempt from these Regulations. As at the date hereof we have registered with the Environmental Agency where required to do so. Hazardous waste has to be disposed of at specific hazardous waste disposal sites and disposal costs are consequently generally higher than for most non-hazardous wastes.

The Control of Pollution (Oil Storage) (England) Regulations 2001 (as amended) require that external oil storage in containers of over 200 litres at the site comply with specified requirements.

Under the European Union ("EU") Integrated Pollution Prevention and Control Directive 1996 ("IPPC") (as amended), EU Member State governments had to adopt rules and implement a cross media (air, water and waste) environmental permitting program for individual facilities. In the United Kingdom this has now been achieved by the Environmental Permitting (England and Wales) Regulations 2010 ("the EP Regime") (as amended) which replace the Pollution Prevention and Control (PPC) Act 1999 (as amended) and associated regulations.

A number of our businesses are subject to authorisation under the EP Regime for the use of lead in their manufacturing process. We have therefore implemented an environmental permit program.

In the process of extruding pipe products from PVC resins and polyolefins, certain of our facilities currently use lead based stabilisers, identified by the Environment Agency to fall under what is now the EP Regime. Based on the lead content of these raw materials, we are required to obtain and maintain EP permits. However, we have been phasing out our use of lead based stabilisers and this process has now been completed.

We are subject to packaging waste obligations under the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended) (Packaging Regulations), due to the volume of packaging materials handled at our production facilities. We are also subject to the Waste Electrical and Electronic Equipment Regulations 2006 (as amended) (WEEE), which encourages and sets criteria for the collection, treatment, recycling and recovery of waste electrical and electronic equipment. It makes producers responsible for financing most of these activities (producer responsibility), and requires them to declare the amount of new electrical equipment put onto the UK market each quarter. The obligations under the Packaging Regulations are met by Polypipe through Group membership in Veolia Environmental Services compliance scheme. The obligation under WEEE affects one site and is met by membership of WEECare compliance scheme. Both are specialist services that undertake the assessment and reporting required under these regulations on our behalf.

The Climate Change Act 2008 sets the overall framework for UK action on climate change, establishing a legally-binding greenhouse gas reduction target of 80% by 2050 (below 1990 levels). The Climate Change Act grants the government the power to introduce new emissions trading schemes to help it meet its reduction targets. The government has used these powers to introduce The CRC Energy Efficiency Scheme (CRC), a mandatory UK scheme aimed at improving energy efficiency and cutting carbon dioxide emissions in large public and private sector organisations. The CRC is implemented through the CRC Energy Efficiency Orders 2010 and 2013 (as amended). We qualified for Phase 1 of the CRC and are currently a registered CRC participant, but we have no CRC allowance costs due to our Climate Change Agreement ("CCA") participation. Due to recent changes to the CRC qualification rules which mean that electricity consumed under a CCA no longer counts as a qualifying supply for CRC 'qualification' purposes, the Group did not qualify for Phase 2 of the CRC (commencing on 1 April 2014). Consequently we do not need to register for Phase 2 of the CRC.

EU Regulatory Framework

The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2012 (RoHS Regulations) implement the EU's recast RoHS Directive into UK law and ban the placing on the EU market of new electrical and electronic equipment containing more than agreed levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) and polybrominated diphenyl ether (PBDE) flame retardants.

The 2006 REACH (Registration, Evaluation and Authorisation of Chemicals) (as amended) regulation requires companies that manufacture or import into the EU more than one tonne of a chemical substance per year into the EU to carry out risk assessments and to register such manufacture or import in a central database. REACH applies to substances on their own or in preparations (e. g. paints) and articles (e.g. consumer products). Where warranted by a risk assessment, hazardous substances require authorisation for their use. In addition to these authorisations, REACH sets a number of prohibitions and restrictions on the use of certain hazardous and dangerous substances. The European Chemicals Agency produces the 'candidate list' of SVHC ('substances of very high concern') which are substances that have hazards with serious consequences for human health or the environment (e.g., they have the potential to cause cancer, or they remain in the environment for a long time with their amounts in animals gradually building up). The presence and use of SVHCs in products may trigger additional obligations under REACH. SVHCs will in time be subject to more detailed scrutiny and ultimately prohibited, restricted or authorised. As far as it is practical, it is Polypipe's policy not to use SVHC in its operations and products.

In addition to REACH, there are further EU controls on the use of certain hazardous and dangerous chemicals and substances which may impact on our business (such as the Persistent Organic Pollutants (POPs) Regulation, for example).

Regulatory Frameworks affecting non-UK sites

The Environment (Northern Ireland) Order 2002 (as amended) brought in legislation to enable the implementation of the Integrated Pollution Prevention and Control Directive 1996. Our facilities in Northern Ireland are permitted under the Pollution Prevention and Control (Industrial Emissions) Regulations (Northern Ireland) 2012 (as amended).

Regrinding of plastics involves the treatment and recovery of a controlled waste and as such the use of the grinders is subject to the Waste Management Licensing Regulations (Northern Ireland) 2003 (as amended). Due to the very small amount of regrinding of its own waste only, Polypipe Ulster has confirmation from the Northern Ireland Department of the Environment that it is exempt from the requirement to hold a licence.

We are required, under the Control of Noise at Work Regulations (Northern Ireland) 2006 (as amended), to ensure that noise assessments are carried out at our premises by a competent person.

The site also has obligations under the Control of Substances Hazardous to Health Regulations (Northern Ireland) 2003 (COSHH (NI)) (as amended). In order to comply with these regulations, the site must hold a risk assessment for each hazardous substance used at the site, and reduce employee exposure to hazardous substances as far as is reasonably practicable.

The activities of Polypipe France are subject to legislation relating to the French Environment Code. Depending on nature and capacities, industrial activities are subjected to the "Declaration" and "Authorisation" permit regimes. French sites are also subject to the Labour Code (Code du Travail) which outlines basic workers rights for their health and safety.

Polypipe Italy is subject to legislation requiring environmental risk assessment. It also maintains a register of statutory inspections and records, and this is reviewed quarterly by an external Health and Safety Review Committee, as required by Italian law.

Polypipe Health, Safety and Environmental Management Systems

The Directors believe that we are in material compliance with the operational requirements imposed by environmental laws and laws protecting employee health and safety. The Directors believe that compliance with these regulations has not had an adverse effect on our competitive position or results of operations.

In 2002, we initiated Phase 1 Environmental Surveys across the Group. These surveys were updated in 2005 and again in 2007. We have a groupwide HSE Manager, and all sites have a Site HSE Co-ordinator.

Responsibility for health and safety on sites rests with the management team and compliance is closely monitored by the Polypipe Executive and Board. Polypipe sites are subject to internal audits of the health and safety management systems, and to external audits by our insurers covering property and casualty risk. Each site prepares an annual health, safety and environmental management plan, and recommendations arising from audits are fed into these plans and monitored by the site, and group, management. The Directors believe our compliance program and monitoring has been effective as we were awarded a RoSPA Gold Award in 2013 for our safety standards.

All of our main manufacturing sites work to the ISO BS 9001 Quality Standard, and six sites, including our major production site in Doncaster, have achieved the ISO BS 14001 Environmental Standard.

PART 7
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

Directors

The following table lists the names, positions and ages of the Directors:

Name	Age	Position
Alan Matthew Thomson	67	Chairman
David Graham Hall	55	Chief Executive Officer
Peter David Shepherd	57	Chief Financial Officer
Mark William Hammond	46	Non-Independent Director (proposed)
Ronald ("Ron") John Edward Marsh	63	Senior Independent Director
Paul David Dean	53	Independent Non-Executive Director
Mansurah ("Moni") Talat Mannings	50	Independent Non-Executive Director

The business address of each Director is at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES (save for Mark Hammond which is Pegasus House, 37-43 Sackville Street, London, W1S 3EH).

Alan Thomson (Chairman)

Alan Thomson is a member of our board of Directors and our Chairman, a position he has held since October 2007. It is intended that Mr. Thomson will step down as our Chairman at our annual general meeting in 2015. Prior to joining us, Mr. Thomson was Group Finance Director at Smiths Group plc where he worked for a period of 11 years. Prior to joining Smiths Group plc he was, for three years, Group Finance Director at Rugby Group plc. Mr. Thomson is currently chairman of Bodycote plc and Hays plc and is a non-executive director of Alstom SA and HSBC Bank plc. Mr. Thomson was formerly President of the Institute of Chartered Accountants of Scotland and is qualified with the Institute of Chartered Accountants of Scotland in 1970. Mr. Thomson has a Master of Arts in Economics and History from Glasgow University.

David Hall (Chief Executive Officer)

David Hall is a member of our board of Directors and our Chief Executive, a position he has held since September 2005. Mr. Hall was employed with the Group from January until December 2004, leaving to work with Castle Harlan in connection with the original buyout until returning to the Group as CEO. Previously, he held two Managing Director positions with UK subsidiaries of Etex (now Aliaxis), which at that time was the world's largest manufacturer of plastic pipes and fittings. Mr. Hall has more than 20 years of experience in the UK building products industry and brings to Polypipe extensive managing experience and an in-depth knowledge of the plastic pipes market and the wider construction industry. Mr. Hall has a Bachelor of Science degree in Mechanical Engineering.

Peter Shepherd (Chief Financial Officer)

Peter Shepherd is a member of our board of Directors and our Chief Financial Officer, a position he has held since January 2006. Mr. Shepherd qualified as a Chartered Accountant with PricewaterhouseCoopers in 1981. Before joining our Group he was the Group Finance Director of McKechnie Limited, a private equity backed aerospace and plastics component manufacturing group where he worked for a period of eight years. Prior to joining McKechnie he was, for seven years, Group Financial Controller and Tax Manager of Wagon PLC, an automotive component and storage products manufacturing group. Mr. Shepherd has a Bachelor of Commerce degree from Liverpool University.

Mark Hammond (Non-Executive Director)

With effect from Admission, Mark Hammond will become a member of our board of Directors. Mr Hammond is Deputy Managing Partner of Caird Capital LLP which is the adviser to Cavendish Square Partners LP. Mr. Hammond joined HBOS plc in June 2003 and served as Head of Integrated Finance from 2006 until 2010. Prior to joining HBOS plc, Mr. Hammond held roles with Gresham Trust plc, The Royal Bank of Scotland plc and Price Waterhouse where he qualified with the Institute of Chartered Accountants of Scotland in 1991. Mr. Hammond graduated with a Master of Arts in Economics and Accountancy from the University of Aberdeen in 1988. Mr. Hammond is currently a Director of The Big Green Parcel Holding Company Limited and has previously been a Director of David Lloyd Leisure Group Limited.

Ron Marsh (Senior Independent Director)

Ron Marsh was appointed to our board of Directors on 28 March 2014. Mr. Marsh is currently a non-executive director of British Polythene Industries plc and was, from 1989 until 2013, chief executive of RPC Group. Mr. Marsh has over forty years experience in the manufacturing sector. Mr. Marsh has a Bachelor of Arts in History from Oxford University.

Paul Dean (Independent Non-Executive Director)

Paul Dean was appointed to our board of Directors on 28 March 2014. Mr. Dean is currently non-executive director and chairman of the audit committee of Porvair plc. Mr. Dean was group finance director of Ultra Electronics Holdings plc from 2009 to 2013. Previously he had the same role at Foseco Group from 2001 to 2008, including when it floated in 2005. Mr. Dean has a Master of Arts in History from Oxford University.

Moni Mannings (Independent Non-Executive Director)

Moni Mannings was appointed to our board of Directors on 28 March 2014. Ms. Mannings is currently a senior partner of Olswang LLP and has been a partner there since 2000. Ms. Mannings is also a non-executive member of the boards of the Solicitors Regulation Authority and Cranfield University. Ms. Mannings has a Bachelor of Laws from the University of Southampton.

Senior Management Team

The Company's current Senior Management, in addition to the Directors listed above, is as follows:

Name	Age	Position
Paul Rice	50	Group Business Development Director
Glen Sabin	56	Managing Director – Polypipe Building Products
Mark Hughes	43	Managing Director Polypipe Civils
Simon Howard	46	Managing Director – Polypipe Terrain
Tony Morris	55	Managing Director – Polypipe European & Gulf
Cameron McLellan	43	Deputy Managing Director – Polypipe Building Products
John Fairhurst	70	Senior Director – Polypipe Group

The business address of each member of Senior Management is Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

Paul Rice (Group Business Development Director)

Paul Rice is Group Business Development Director, a position he has held since 2011. Mr. Rice was previously Marketing Director for the Group, a position he held from August 1997. Prior to joining us, Mr. Rice was Head of Marketing for Ideal Boilers Ltd, then part of Caradon plc. During his time with us, he has led the implementation of our marketing and branding strategy, including integrating newly-acquired businesses. Mr. Rice has led the product development teams in identifying new market opportunities and bringing new products to market. Mr. Rice has an MBA from Bradford Management School and a degree in Business Studies from Teesside Polytechnic.

Glen Sabin (Managing Director – Polypipe Building Products)

Glen Sabin is Managing Director of Polypipe Building Products, a position he has held since January 2014. The Managing Directors of Polypipe Civils and Polypipe Terrain also report into Mr Sabin. Mr. Sabin was previously Managing Director of Polypipe Civils, a position he held from December 2004. Mr. Sabin has 40 years experience in the construction sector starting as an engineer with George Wimpey and 22 years with Marshalls plc where he started as a salesman and later became Commercial Trading Director.

Mark Hughes (Managing Director – Polypipe Civils)

Mark Hughes is Managing Director of Polypipe Civils, a position he has held since January 2014. Mr. Hughes was previously Sales Director of Polypipe Building Products for eight years. Mr. Hughes has 26 years of experience in the building products sector, including having worked for the UK division of Wavin and holds a degree in Polymer Engineering and an MBA.

Simon Howard (Managing Director – Polypipe Terrain)

Simon Howard is the Managing Director of Polypipe Terrain, a position he has held since January 2014. Mr. Howard joined us having previously been Managing Director of PTP Group for three years. Mr. Howard has 20 years of experience in manufacturing and engineered products and holds a Bachelor of Engineering Degree and an MBA.

Tony Morris (Managing Director – Polypipe European and Gulf)

Tony Morris is Managing Director of our European businesses and responsible for our Sales Operations in the Middle East, a position he has held since August 2004. Until the recruitment of Mr. Howard he was also responsible for Polypipe Terrain. Mr. Morris has significant experience in the international manufacturing and distribution sectors, having worked for IMI for 17 years. Mr. Morris holds a Bachelor of Arts in German with French.

Cameron McLellan (Deputy Managing Director – Polypipe Building Products)

Cameron McLellan is Deputy Managing Director of Polypipe Building Products. Mr. McLellan has 20 years experience with Polypipe Building Products Limited, having initially worked as a Development Engineer and then as Operations Director for 14 years. Mr. McLellan holds a Batchelor of Arts Degree in Industrial Design.

John Fairhurst (Senior Director – Polypipe Group)

John Fairhurst stepped down from his role as Managing Director of Polypipe Building Products at the end of December 2013 as part of a phased retirement plan and remains active in the Group in the role of Senior Director. Mr. Fairhurst previously served as National Sales Manager of Polypipe Building Products UK from 1984, Sales Director from 1987 and Managing Director from 2004. Mr. Fairhurst has significant experience and customer knowledge resulting from his long service with Polypipe and more than 35 years experience in the construction industry.

Corporate governance

UK Corporate Governance Code

The Board is committed to the highest standards of corporate governance and maintaining an effective framework for the control and management of the Company. On and following Admission, the Board will comply with The UK Corporate Governance Code dated September 2012 issued by the Financial Reporting Council. The UK Corporate Governance Code sets out a number of principles in relation to board leadership, effectiveness, accountability, remuneration and relations with shareholders. As envisaged by the UK Corporate Governance Code, the Board has established three committees: an audit committee, a nomination committee and a remuneration committee. If the need should arise, the Board may set up additional committees as appropriate.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard. The Board has also established a number of committees whose terms of reference are documented formally and regularly reviewed.

Audit committee

The audit committee's role is to assist the Board with the discharge of its responsibilities in relation to internal and external audits and controls, including reviewing the Group's annual financial statements, considering the scope of the annual audit and the extent of the non audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal control systems in place within the Group. The audit committee will normally meet not less than three times a year.

The audit committee is chaired by Paul Dean and its other members are Ron Marsh, Moni Mannings and Mark Hammond. The UK Corporate Governance Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard.

Nomination committee

The nomination committee assists the Board in determining the composition and make up of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need may arise. The nomination committee also determines succession plans for the Chairman and Chief Executive. The nomination committee will meet when appropriate.

The nomination committee is chaired by Alan Thomson and its other members are David Hall, Ron Marsh, Paul Dean, Moni Mannings and Mark Hammond. The UK Corporate Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard.

Remuneration committee

The remuneration committee recommends what policy the Company should adopt on executive remuneration, determines the levels of remuneration for each of the Directors and recommends and monitors the remuneration of members of Senior Management. The remuneration committee will also generate an annual remuneration report to be approved by the members of the Company at the annual general meeting. The remuneration committee will normally meet not less than twice a year.

The remuneration committee is chaired by Moni Mannings and its other members are Alan Thomson, Ron Marsh, Paul Dean and Mark Hammond. The UK Corporate Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board considers that the Company complies with the requirements of the UK Corporate Governance Code in that regard.

Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code adopted will apply to the Directors and other relevant employees of the Group.

Relationship Agreement with principal shareholder

The Company has entered into a relationship agreement with Cavendish to ensure that it will be able, at all times, to carry on its business independently of it and that all transactions and relationships between the Company and Cavendish are at arm's length and on a normal commercial basis. Cavendish shall have the right to nominate one person to be its Representative Director on the Board until the later of 12 months from Admission and the point at which Cavendish ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time. See paragraph 10.2 of Part 13 "Additional Information – Material Contracts – Relationship Agreement" for a more detailed description of the Relationship Agreement.

Conflicts of interest

Mark Hammond is Deputy Managing Partner of Caird Capital LLP which is the adviser to Cavendish Square Partners Limited Partnership. Immediately following Admission, Cavendish will be interested in approximately 23.0% of the Company's issued Shares (assuming no exercise of the Over-allotment Option) and will have the largest shareholding in the Company.

Although Mr. Hammond's position with Caird Capital LLP is considered by the Board to represent a potential conflict of interest, as at the date of this Prospectus it is not considered by the Board to represent an actual conflict of interest.

Save as set out above, there are no actual or potential conflicts of interest between any duties owed by the Directors or Senior Management to the Company and their private interests and/or other duties.

PART 8
SELECTED FINANCIAL INFORMATION

The selected financial information set out below has been extracted without material amendment from Section A of Part 11 "Financial Information" of this document.

CONSOLIDATED INCOME STATEMENT

	Year Ended 31 December		
	2011	*2012*	*2013*
		£m	
Revenue	286.4	282.0	300.8
Cost of sales	(190.1)	(176.8)	(188.3)
Gross profit	96.3	105.2	112.5
Selling and distribution costs	(44.1)	(44.0)	(46.9)
Administration expenses	(25.6)	(25.1)	(25.9)
Share of loss in associate	(0.1)	—	—
Group operating profit before operating exceptional items	26.5	36.1	39.7
Operating exceptional items	(0.3)	0.5	0.1
Group operating profit	26.2	36.6	39.8
Finance revenue	—	0.1	0.3
Finance costs	(15.5)	(15.7)	(15.5)
Profit before tax	10.7	21.0	24.6
Tax expense	(0.9)	(0.4)	(4.6)
Profit for the year	9.8	20.6	20.0

All the profit for the year is attributable to owners of the Company.

Earnings per share (pence) attributable to equity holders of the Company			
Basic and diluted	13.3	27.7	26.7

ADJUSTED EBITDA

	Year Ended 31 December		
	2011	*2012*	*2013*
		£m	
Group Operating Profit	26.2	36.6	39.8
Depreciation	13.0	12.9	13.9
Operating Exceptional Items	0.3	(0.5)	(0.1)
Management Fees	0.4	0.4	0.4
Adjusted EBITDA*	39.9	49.4	54.0

* *Note: Adjusted EBITDA is a non-IFRS/non-GAAP measure*

CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2011	*2012*	*2013*
		£m	
Non-Current Assets			
Property, plant and equipment	79.0	81.9	89.0
Intangible assets	234.4	234.4	234.4
Investments accounted for under the equity method	0.2	—	—
Total non-current assets	313.6	316.3	323.4
Current Assets			
Inventories	34.9	37.6	38.9
Trade and other receivables	17.5	23.1	21.4
Financial assets	0.1	0.2	0.4
Cash and cash equivalents	37.8	47.0	65.9
Total current assets	90.3	107.9	126.6
Total assets	403.9	424.2	450.0
Current Liabilities			
Trade and other payables	(54.3)	(56.9)	(62.0)
Financial liabilities	—	(0.1)	—
Income tax payable	(2.1)	(2.8)	(2.4)
Total current liabilities	(56.4)	(59.8)	(64.4)
Non-Current Liabilities			
Financial liabilities	(148.6)	(149.6)	(150.6)
Other liabilities	(2.7)	(2.2)	(2.0)
Deferred tax liability	(5.6)	(1.5)	(1.6)
Total non-current liabilities	(156.9)	(153.3)	(154.2)
Total liabilities	(213.3)	(213.1)	(218.6)
Net assets	190.6	211.1	231.4
Capital and reserves			
Equity share capital	1.2	1.3	1.3
Share premium	315.7	315.9	—
Foreign currency translation reserve	(0.5)	(0.9)	(0.6)
Retained earnings	(125.8)	(105.2)	230.7
Total equity	190.6	211.1	231.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	*Share premium*	*Foreign Currency retranslation reserve*	*Retained earnings*	*Total equity*
			£m		
At 1 January 2011	205.4	111.5	—	(135.6)	181.3
Profit for the year	—	—	—	9.8	9.8
Other comprehensive income	—	—	(0.5)	—	(0.5)
Total comprehensive income for the year	—	—	(0.5)	9.8	9.3
Premium arising on reduction in nominal value of shares	(204.2)	204.2	—	—	—
Year ended 31 December 2011	1.2	315.7	(0.5)	(125.8)	190.6
Profit for the year	—	—	—	20.6	20.6
Other comprehensive income	—	—	(0.4)	—	(0.4)
Total comprehensive income for the year	—	—	(0.4)	20.6	20.2
Issue of share capital	0.1	—	—	—	0.1
Premium on shares issued in the year	—	0.2	—	—	0.2
Year ended 31 December 2012	1.3	315.9	(0.9)	(105.2)	211.1
Profit for the year	—	—	—	20.0	20.0
Other comprehensive income	—	—	0.3	—	0.3
Total comprehensive income for the year	—	—	0.3	20.0	20.3
Cancellation of share premium	—	(315.9)	—	315.9	—
Year ended 31 December 2013	1.3	—	(0.6)	230.7	231.4

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 31 December		
	2011	*2012*	*2013*
		£m	
Operating activities			
Profit for the year before tax	10.7	21.0	24.6
Add back net financing costs	15.5	15.6	15.2
	26.2	36.6	39.8
Adjusted for non cash items:			
Gain on disposal of property, plant and equipment	(0.3)	(0.3)	(0.7)
Profit on sale of investments	—	—	(0.3)
Share of loss of associate	0.1	—	—
Depreciation of property, plant and equipment	13.0	12.9	13.9
Operating cash flow before movement in working capital	39.0	49.2	52.7
Movement in working capital:			
Receivables	9.7	(5.9)	1.9
Payables	(2.0)	3.0	4.7
Inventories	(1.7)	(2.9)	(1.1)
Cash generated from operations	45.0	43.4	58.2
Income tax received/(paid)	0.1	(3.8)	(4.9)
Net cash flows from operating activities	45.1	39.6	53.3
Investing Activities			
Interest received	—	0.1	0.3
Proceeds from disposal of property, plant and equipment	0.4	0.4	0.8
Proceeds from sale of investments	—	—	0.3
Purchase of property, plant and equipment	(10.5)	(15.9)	(21.1)
Deferred consideration paid in respect of acquisitions	(1.1)	(0.8)	—
Net cash flow used in investing activities	(11.2)	(16.2)	(19.7)
Financing activities			
Repayment of bank loan	—	—	(0.1)
Proceeds from share issue	—	0.3	—
Interest paid	(14.6)	(14.5)	(14.6)
Costs of new bond issue	(0.8)	—	—
Net cash flows from financing activities	(15.4)	(14.2)	(14.7)
Net increase in cash and cash equivalents	18.5	9.2	18.9
Cash and cash equivalents at 1 January	19.3	37.8	47.0
Cash and cash equivalents at 31 December	37.8	47.0	65.9

PART 9
OPERATING AND FINANCIAL REVIEW

This Part 9 "Operating and Financial Review" should be read in conjunction with Part 2 "Presentation of Financial and Other Information", Part 5 "Industry Overview", Part 6 "The Business" and Part 11 "Financial Information". Prospective investors should read the entire document and not just rely on the summary information set out below. The financial information considered in this Part 9 "Operating and Financial Review" is extracted from the financial information set out in Part 11 "Financial Information". The consolidated financial statements referred to in this discussion have been prepared in accordance with (i) IFRS as issued by the IASB, (ii) the requirements of the Prospectus Directive Regulation and (iii) the Listing Rules.

The following discussion of the Company's results of operations and financial conditions contains forward-looking statements. The Company's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly under Part 1 "Risk Factors" and Part 2 "Presentation of Financial and Other Information".

In addition, the following discussion of the Company's results of operations and financial conditions contains the Directors' estimates with respect to certain revenue and cost break-downs. These estimates are derived from management reporting systems and not from our financial accounting systems or financial accounting records and, therefore, are not subject to the same degree of internal controls as information derived from our financial accounting systems. The Directors' estimates are unaudited and are not reviewed by our auditors. The Directors nonetheless believe that investors will find this information helpful in assessing our business.

Overview

We are the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic pipe systems for the residential, commercial, civils and infrastructure sectors by revenue. We operate from 16 facilities in total, and with over 20,000 product lines, we manufacture the United Kingdom's widest range of plastic piping systems within our target markets. We primarily target the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world. Our principal manufacturing locations are in the United Kingdom with eight facilities and we have three additional manufacturing sites located in France and one in Italy. We also have three distribution warehouses in Northern Ireland and Scotland and a sales office in Dubai.

The Directors believe that Polypipe is the leading brand across the key sub-segments of building and installation and civils and infrastructure of the UK market in which we operate and that we have a significant presence in the independent builders merchant sales channels in the United Kingdom, as well as in the UK national merchants and DIY chains. The Directors also believe that we generate approximately equal revenue from sales to the two primary customer groups in the UK market: the independent builders merchants (including specialist distribution, buying groups and DIY sales) and the top four UK national merchants.

We have a strong reputation for a broad range of products, product reliability and the ability to tailor product solutions to the needs of our customers and the end-users of our products. The Directors believe that this reputation, coupled with our large sales and technical team, helps generate strong "pull-through" sales whereby the end-users of our products, primarily the housebuilders, civils and commercial developers and asset owners and self-builders, request or require that the contractors and installers working on their projects use our products.

The Directors believe our strong market positions, breadth of product systems and diversified and localised distribution base consisting of a network of national and independent merchants, coupled with an experienced and stable management team, have enabled us to demonstrate resilience through the recent economic recession.

Following a decline in revenue from £297.4 million (UK GAAP) for the year ended 31 December 2007 to £252.5 million (UK GAAP) and £269.5 million (UK GAAP) for the years ended 31 December 2009 and 2010 that coincided with the decline in the UK construction market, our revenue for the year ended 31 December 2013 was above our 2007 pre-recession level and the Directors believe that our UK operations have outperformed the UK construction market since 2008. In the years ended 31 December 2011, 2012 and 2013 we generated revenue of £286.4 million, £282.0 million and £300.8 million and Adjusted EBITDA of £39.9 million, £49.4 million and £54.0 million, respectively, We generate approximately equal revenue from sales by our two reporting divisions:

- the Residential Piping Systems division which generates revenues from the manufacture and sale of plastic pipe systems, fittings and accessories for applications in the residential sector. The revenues in our Residential Piping division are derived from sales in the United Kingdom; and
- the Commercial and Infrastructure Piping Systems division which generates revenues from the manufacture and sale of plastic drainage, sewerage, ducting and water management systems for use in the UK civils, utilities, agriculture and commercial development sectors, and also includes our Continental European businesses that generate revenues from the sale of plastic electrical and communications, ducting and conduit systems, and PE piping for potable water and gas supply applications.

Although, it is difficult to determine with certainty in which sector of a market our sales are used after we sell them to our customers because our customers are not the end-users of our products, the Directors believe that we have broad exposure to the end markets served by our reporting divisions. With respect to our Residential Piping Systems division for the year ended 31 December 2013, the Directors estimate that approximately 31% and 19% of our total Group revenue was generated by sales related to projects within the residential RMI and residential new build sub-sectors, respectively. The Directors believe that we benefit in particular from this relatively significant exposure to the residential RMI sub-sector, which usually generates higher margins than sales in relation to new build residential projects and historically has been a more stable sub-sector of the UK construction market (as measured by revenue). With respect to our Commercial and Infrastructure Piping Systems division during the same period, the Directors estimate that approximately 20% and 11% of our total Group revenue was generated by sales related to projects within the UK civils and UK commercial sub-sectors, respectively.

Principal Factors Affecting our Results of Operations

The principal factors influencing our results of operations over the period under review were trends in the UK and French construction industries, our rebate pricing policies, volatility in the price of raw materials, governmental policy initiatives and substitution trends, seasonality in the demand for our products and exchange rate fluctuations.

Trends in the UK and French Construction Industries

Our business is highly dependent upon the levels of activity in the construction industry in the United Kingdom and France, our primary markets, which in turn are affected by a broad range of economic and political factors that are beyond our ability to control or to forecast accurately. Downturns in the construction industry can have an adverse effect on the demand for our products.

During the past decade, we have balanced our activities in both residential piping systems and commercial and infrastructure piping systems in order to become more effectively hedged against fluctuations in construction industry trends which, during periods of economic uncertainty, have tended to affect the demand for certain of our products at different times.

Residential construction is affected by economic trends that are beyond our control, including general market conditions, house prices, mortgage lending policies and prevailing interest rates, government policies relating, for example, to residential housing construction including planning regulations, as well as inflation, deflation, unemployment rates, and demographic trends. Although the RMI sector may tend to remain less affected by these factors than the new build sector, the Directors believe that consumer confidence tends to affect residential improvement expenditures and, in periods of economic uncertainty, lower demand for our products.

Commercial and infrastructure investments are also dependent upon many of the same economic fundamentals listed above, as well as public investment and spending on infrastructure projects, the availability of business and project financing for major capital investments and expansion, and the financial markets in general.

The UK building and construction sector has stabilised and has started to recover since the significant slowing in housing market activity and housing transactions following 2007 and during the subsequent recession. In October 2010, the UK government announced a comprehensive spending review, including reductions in government spending on various capital investment projects. However, since March 2011 the UK government has announced a range of initiatives aimed at stimulating construction activity and housing activity. These measures include the New Buy Scheme (a joint initiative between the Home Builders Federation and the Council of Mortgage

Lenders) and the Help to Buy Scheme, each of which are intended to improve access to mortgage finance. The Directors believe that these initiatives will have a positive impact on the volume of our sales and our profitability.

The CPA Winter 2013-14 Report forecasts that UK construction output, which is forecasted to grow at a rate of 4.5% for the period from 2014 to 2017, will outpace UK GDP growth, taking into consideration the UK government's residential construction stimulus initiatives and the wider economic recovery.

According to the Euroconstruct Report 2013, although moderate declines are expected in France in both the residential and civil engineering markets in 2014 due to tax increases, reductions in government spending and ongoing fiscal consolidation, a return to growth in both markets is expected in 2015.

The table below sets out our revenue by geographic region for the years ended 31 December 2011, 2012 and 2013:

	Year Ended 31 December		
	2011	*2012*	*2013*
		(£m)	
UK	207.8	209.6	226.2
Rest of Europe	68.1	60.6	61.3
Rest of world	10.5	11.8	13.3
Total	286.4	282.0	300.8

The sales to the rest of Europe are made mainly to customers in France.

Customer Rebate Arrangements and Headline Sales Price Increases

Customer rebate arrangements form a fundamental part of our overall pricing structure. We recognise revenue net of rebates and VAT, so our rebate policy has a significant impact on our results of operations and cash flows from operations. These rebate arrangements vary in complexity and generally allow us to incentivise the purchase of greater volumes of our key product lines and to pass on cost savings to our merchant customers.

Market acceptance of price increases is influenced by the level of recognition of cost increases affecting the industry as a whole, especially increases in the price of raw materials, energy and employment costs.

Our management continually focuses on the need to implement pricing strategies to achieve effective and timely recovery of costs related to rising polymer prices and other input costs as an important aspect of our strategy. We communicate the importance of price management across the Group and continue to implement price management initiatives.

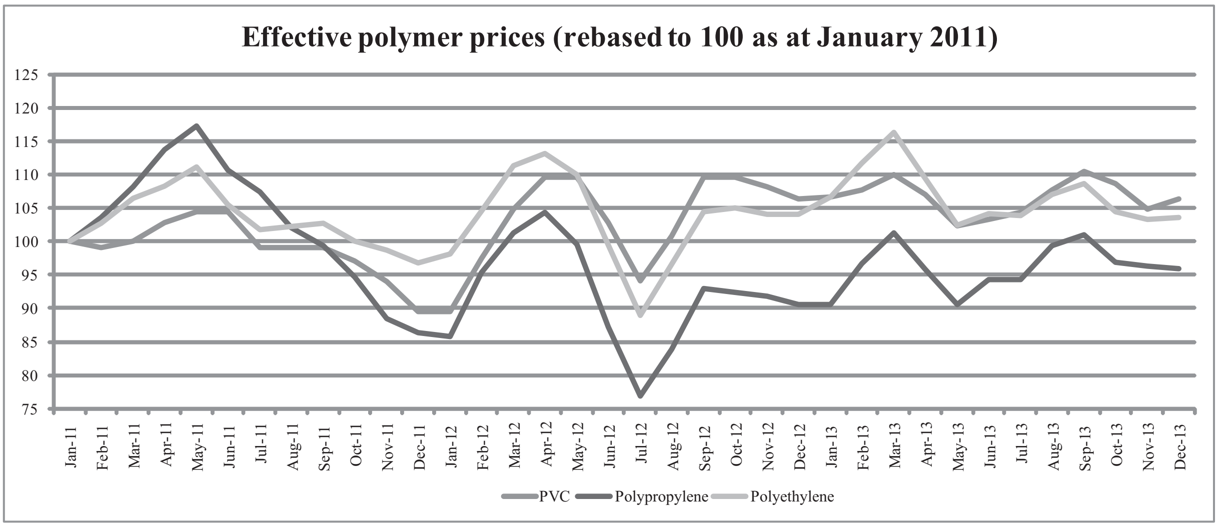
Volatility in the Price of Raw Materials

The polymers used in our production processes are derived from crude oil and other petroleum feedstocks. The producers of such petroleum derivates generally link the price of the products they sell to the international market price of crude oil and other petroleum feedstocks, which are subject to frequent and significant fluctuations. Approximately 40% of our cost of sales, although denominated in pounds sterling, are linked to the international market prices of crude oil and other petroleum feedstocks, which are quoted in US dollars. As a result of these factors, fluctuations in the international market price of crude oil and other feedstocks tend to have a direct and immediate effect on the availability of, and the prices we pay for, our raw materials. Our operating income, operating margin and cash flows from operations are vulnerable to adverse fluctuations in the spot price of such raw materials and in the exchange rates between the U.S. dollar and Euro against pound sterling, and our raw material costs may vary significantly from period to period, even when the volume of our production remains relatively constant.

During 2011, 2012 and 2013, the published average annual price of Dated Brent per barrel, which is one measure of the international market price for crude oil, was US \$111.26, US\$ 111.67 and US\$ 108.64, respectively.

We generally seek to pass on such cost increases to our customers by raising the price of our products, although our ability to do so may be limited by the currently applicable terms and conditions of our rebate agreements (governing the price adjustment mechanisms) with customers and/or by market conditions. In circumstances where the international market prices of crude oil and other petroleum feedstocks rise sharply, and there is a corresponding rise in the prices of the raw materials we purchase (in particular PVC, polypropylene and polyethylene), we have been able in the past to raise our prices sufficiently to recover such cost increases, although such price increases can sometimes lag behind the relevant cost increases. This lag has had an effect on our operating margins and cash flows over the period under review. In the future, we may be unable to raise our prices sufficiently or in a timely manner to cover such cost increases, which could have an effect on our operating margins and cash flows.

The chart below sets out the trends in the prices of PVC, polypropylene and polyethylene during the periods under review:



(Source: Company information)

In order to optimise purchasing opportunities, we use centralised buying across the Group for polymers and, for our UK businesses, electricity. Certain of our businesses, such as Polypipe Civils UK within the Commercial and Infrastructure Piping Systems division, are able to make use of reprocessed materials, and further opportunities exist to expand our processing of waste materials following the recent commissioning of a plastics recycling facility that can process plastic from domestic recycling. To achieve favourable polymer rebate terms, we have entered into rebate agreements with certain suppliers. We negotiate these rebate agreements with key suppliers each year to determine the applicable rebate structures and discuss expected annual volumes. Following this annual negotiation, we negotiate actual prices and determine volumes on a monthly basis. These rebate agreements do not commit us or the supplier to any volume requirements.

Government Policy Initiatives and Substitution Trends

Government policy initiatives directed toward the management of water as a vital resource (Flood and Water Management Act 2010) and the reduction of carbon emissions from buildings (The Climate Change Act 2008) have supported demand growth during the period under review and the Directors believe that these initiatives will continue to drive demand for our products. Additionally, sales growth within both our reporting divisions has been driven in part by the ongoing trend of substituting plastic for copper, clay and concrete pipe products. Our products such as the Polyplumb, PolyFit, Polysewer, Polystorm and Rigistorm XL product ranges and the development of our underfloor heating and ventilation products have allowed us to take advantage of opportunities for substitution of traditional materials by plastics.

The Directors expect these trends to continue to be a driver of sales growth and profits. The Directors also expect that concerns regarding increasing consumption of water and water shortages linked to climate change will lead to enhanced requirements to manage water effectively in France, which should help drive both increased sales volume and profitability in that market.

Seasonality in the Demand for Our Products

In general, some seasonal fluctuations in sales activity can affect revenues in some of our businesses. In our Residential Piping Systems division, the months of December, January and February generally exhibit below average activity due to adverse weather conditions that impact upon building activity and the winter holiday break which restricts December to a fifteen-day trading period. Our sales to the UK DIY sector, generally increases during March as customers purchase their stocks for spring DIY projects and in November due to sales of heating products and the winter DIY projects. In general, peak sales occur in our Commercial and Infrastructure Piping Systems division between June to October, being the months when civil engineering and building sites are generally at their busiest due to more favourable weather. The majority of land drainage sales generally occur between March to May and September to November. Notwithstanding these seasonal fluctuations, our revenues have historically been similar between the first and second halves of the year.

Currency Exchange Fluctuations

We generate a small amount of our revenue and incur a small amount of our costs in US dollars and euros. We enter into forward currency contracts for the purchase and sale of foreign currencies in order to manage our exposure to fluctuations in currency rates. We do not hedge the translation of our overseas profits, although we do mitigate currency effects by applying average exchange rates each year. The table below sets out the average annual GBP/Euro and GBP/US$ currency exchange rates for the periods under review.

Average exchange rate against pounds sterling for the year ended	US $	Euro
31 December 2011	1.6030	1.1527
31 December 2012	1.5851	1.2337
31 December 2013	1.5644	1.1776

For further information on how foreign currency fluctuations impacted our results, see "Qualitative and Quantitative Disclosure About Market Risk – Foreign Currency Rates".

Description of Key Line Items

The following is a description of the principal components of our consolidated income statement.

Revenue

In 2011, 2012 and 2013, we generated our revenue from two reporting divisions: Residential Piping Systems and Commercial and Infrastructure Piping Systems. Revenue in our financial statements is presented net of customer rebates, value added tax and other sales taxes.

The Residential Piping Systems division's operations are based entirely in the United Kingdom and the division generates revenue from the manufacture and sale of plastic pipe systems, fittings and accessories for applications in the residential sector.

The Commercial and Infrastructure Piping Systems division generates revenue from the manufacture and sale of plastic drainage, sewerage, ducting and water management systems for use in the UK civils, utilities, agriculture and commercial development sectors. The division also includes our Continental European businesses that generate revenue from the sale of plastic electrical and communications, ducting and conduit systems, and PE piping for potable water and gas supply applications.

Cost of Sales

Our raw materials costs account for the significant majority of our cost of sales, with the remaining portion related to packaging costs, the depreciation costs relating to our production facilities and factory costs, including factory power and labour costs. Costs associated with raw materials and packaging predominately consist of the cost of prime and reprocessed polymers, such as PVC, polypropylene and polyethylene. Raw material and packaging costs also include the costs of copper for our pre-wired conduit, pigments, additives and certain finished products acquired for resale.

Selling and Distribution Costs

Our selling and distribution costs represent the costs relating to sales and the distribution of our products to customers, including costs relating to warehouses, sale depots, transportation, fuel and sales and marketing costs.

Administration Expenses

Administration expenses principally include personnel costs relating to senior management, the non-executive Chairman, human resources, accounting, legal, information technology, the management fee to Cavendish, as well as depreciation of non-production related fixed assets and insurance costs.

Share in Loss of Associate

The figure included within this line item for the year ended 31 December 2011 represents our share of the operating loss of our associate, Timoleon Limited. We wrote off the value of this investment (included in operating exceptional items) in the year ended 31 December 2012, but sold our share in this associate during the year ended 31 December 2013 at original cost and, consequently, the provision for the loss on the sale was released (included in operating exceptional items).

Operating Exceptional Items

Our operating exceptional items consist of operating costs that the Directors believe are non-recurring and which we have extracted in order to avoid distorting the underlying trading results.

Finance Revenue

Finance revenue consists of interest received on our bank deposits.

Finance Costs

Finance costs consist of the interest paid on the 9.5% Senior Secured Notes that are due in 2015 (the "Notes") and the amortised element of debt issuance costs.

On or promptly following the date of Admission and following the relevant parties entering into the New Facilities Agreement, the issuer of the Notes will notify the holders of the Notes that all of the Notes will be redeemed on a date falling not less than 30, nor more than 60, days after such notice. For further information see – "Liquidity and Capital Resources" below.

Tax Expense

Taxation in the financial statements represents the corporation tax charge on the Group's profit or loss for the year, and includes both current and deferred taxation. Taxation is recognised in the income statement unless it relates to items recognised directly in equity, when it is recognised through the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted in each jurisdiction at the end of the reporting period, and any adjustments in respect of previous periods.

Deferred tax is provided using the liability method on temporary differences as of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit against which the deductable temporary differences, carried forward tax credits or tax losses can be utilised will be available.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Critical Accounting Policies and Estimates

We make a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the ordinary course of preparing our financial statements in conformity with IFRS. Actual results could differ from those estimates under different assumptions and conditions. The Directors believe that the following discussion addresses the most critical accounting policies, which are those that are most important to the portrayal of our financial results and condition. The policies and estimates require us to make subjective and complex judgements, including estimates about the effect of matters that are inherently uncertain.

Revenue, Discounts and Rebates

Revenue represents the amounts (excluding value added tax and trade discounts and rebates) derived from the provision of goods and services to customers. Sales related discount and rebate provisions are calculated based on our best estimate of the expected amounts necessary to meet claims by our customers in respect of these discounts and rebates. The provision is made at the time of sale and released, if unutilised, after assessment that the likelihood of such a claim being made has become remote. If these reserves are understated, revenue will be overstated.

Inventory

Inventory is stated at the lower of costs and net realisable value. In general, cost is determined on a first-in first-out basis. In the case of manufactured products, cost comprises direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which we estimate stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective inventory. The annual profit and loss charge for obsolete and slow moving inventory is low due to long product lifecycles.

Results of Operations

The following discussion and analysis of our results of operations and financial condition for each of the financial years ended 31 December 2011, 2012 and 2013 is based on our historical results.

The following table sets forth certain income statement data for the periods under review.

Consolidated Income Statement Data

	Year Ended 31 December					
	2011		*2012*		*2013*	
	£m	*% of Revenue*	*£m*	*% of Revenue*	*£m*	*% of Revenue*
Revenue	286.4	100.0%	282.0	100.0%	300.8	100.0%
Cost of sales	(190.1)	66.4%	(176.8)	62.7%	(188.3)	62.6%
Gross profit	96.3	33.6%	105.2	37.3%	112.5	37.4%
Selling and distribution costs	(44.1)	15.4%	(44.0)	15.6%	(46.9)	15.6%
Administration expenses	(25.6)	8.9%	(25.1)	8.9%	(25.9)	8.6%
Share of loss in associate	(0.1)		—		—	
Group operating profit before operating exceptional items	26.5	9.3%	36.1	12.8%	39.7	13.2%
Operating exceptional items	(0.3)		0.5		0.1	
Group operating profit	26.2	9.1%	36.6	13.0%	39.8	13.2%
Finance revenue	—		0.1		0.3	
Finance costs	(15.5)		(15.7)		(15.5)	
Profit before tax	10.7	3.7%	21.0	7.4%	24.6	8.2%
Tax expense	(0.9)		(0.4)		(4.6)	
Profit for the year	9.8	3.4%	20.6	7.3%	20.0	6.6%

Year Ended 31 December 2013 compared to Year Ended 31 December 2012

Revenue

Revenue for the year ended 31 December 2013 increased by 6.7% to £300.8 million from £282.0 million for the year ended 31 December 2012. This increase was the result of the factors described below.

Revenue by Destination

The table below sets out our revenue by product destination for the years ended 31 December 2012 and 2013.

	Year Ended 31 December				
	2012		*2013*		
	£m	*% of Revenue*	*£m*	*% of Revenue*	*% Change*
United Kingdom	209.6	74.3%	226.2	75.2%	7.9%
Rest of Europe	60.6	21.5%	61.3	20.4%	1.2%
Rest of World	11.8	4.2%	13.3	4.4%	12.7%
Total	282.0	100.0%	300.8	100.0%	6.7%

United Kingdom

Revenue generated within the United Kingdom for the year ended 31 December 2013 increased by 7.9% to £226.2 million from £209.6 million for the year ended 31 December 2012, due largely to increased sales volumes. The increase of our sales volumes in the United Kingdom, which was ahead of the general recovery in the UK construction market which grew at approximately 1.0% for the period (source: CPA Winter 2013-2014 Report), was due to growth in the sales of our Development Products and distribution gains from an increase in the number of merchants carrying our products and the number of products carried by such merchants.

The recovery in the UK construction market was led by a recovery in the residential new build sub-sector, due in part to government initiatives intended to stimulate housing demand, particularly the Help to Buy scheme, which had a positive impact on sales.

The Directors estimate that sales of our Development Products accounted for approximately 28% of our total revenue during this period, as compared to approximately 26% of our total revenue for the year ended 31 December 2012.

Rest of Europe

Revenue generated within rest of Europe for the year ended 31 December 2013 increased by 1.2% to £61.3 million from £60.6 million for the year ended 31 December 2012. This increase was primarily the result of a beneficial GBP/Euro translation gain of £2.4 million, offset by a decline in revenue of £1.7 million, calculated at constant exchange rates, resulting from continued weak market conditions in France.

Rest of World

Revenue generated in jurisdictions outside of the United Kingdom and Continental Europe for the year ended 31 December 2013 increased by 12.7% to £13.3 million from £11.8 million for the year ended 31 December 2012. This increase was primarily driven by a further expansion of the sales office in Dubai and continued sales activities focused on generating end-user demand.

Revenue by Division

The table below sets out our revenue by our two reporting divisions, Residential Piping Systems and Commercial and Infrastructure Piping Systems, for the years ended 31 December 2012 and 2013.

	Year Ended 31 December				
	2012		***2013***		
	£m	***% of Revenue***	***£m***	***% of Revenue***	***% Change***
Residential Piping Systems	152.3	52.0%	158.7	51.0%	4.2%
Commercial and Infrastructure Piping Systems	140.7	48.0%	152.6	49.0%	8.5%
Sub Total	293.0	100.0%	311.3	100.0%	6.2%
Inter segment sales	(11.0)		(10.5)		
Total	282.0		300.8		6.7%

Residential Piping Systems

Revenue within the Residential Piping Systems division for the year ended 31 December 2013 increased by 4.2% to £158.7 million from £152.3 million for the year ended 31 December 2012, led by an increase in the revenue generated by this division in the United Kingdom, as discussed above.

Commercial and Infrastructure Piping Systems

Revenue within the Commercial and Infrastructure Piping Systems division for the year ended 31 December 2013 increased by 8.5% to £152.6 million from £140.7 million for the year ended 31 December 2012, led by an increase in the revenue generated by this division in the United Kingdom, as discussed above.

Cost of Sales

The table below sets out our cost of sales for the years ended 31 December 2012 and 2013.

	Year Ended 31 December				
	2012		**2013**		
	£m	***% of Revenue***	***£m***	***% of Revenue***	***% Change***
Raw materials and packaging costs	127.1	45.1%	135.7	45.1%	6.8%
Electricity and gas	6.3	2.2%	6.9	2.3%	9.5%
Other factory costs	33.6	11.9%	35.2	11.7%	4.7%
Total cost of sales before depreciation	167.0	59.2%	177.8	59.1%	6.5%
Depreciation	9.8	3.5%	10.5	3.5%	7.1%
Cost of sales	176.8	62.7%	188.3	62.6%	6.5%

The 6.5% increase in costs of sales, from £176.8 million for the year ended 31 December 2012 to £188.3 million for the year ended 31 December 2013, was largely in-line with our increased revenue for the period as efficiencies gained from operational gearing (certain costs within cost of sales, such as depreciation, do not proportionally increase in line with increased revenues) and from capital expenditure payback projects were offset by higher volumes of sales to the residential new build sub sector which attract higher rebates.

Selling and Distribution Costs

Selling and distribution costs for the year ended 31 December 2013 increased by 6.6% to £46.9 million from £44.0 million for the year ended 31 December 2012. This increase was due to increased distribution costs resulting from increased sales volumes.

Administration Expenses

Administration expenses for the year ended 31 December 2013 were largely unchanged from the year ended 31 December 2012.

Operating Exceptional Items

The table below sets out our operating exceptional items for the years ended 31 December 2012 and 2013.

	Year Ended 31 December	
	2012	*2013*
	£m	
Restructuring costs	0.3	0.7
Aborted acquisition costs	—	0.2
Profit on sale of investments	—	(0.3)
Amount written off other investments	0.2	—
Bad debts	0.7	—
Surplus property costs provision no longer required	(1.4)	—
Profit on sale of fixed assets	(0.3)	(0.7)
Operating exceptional items	(0.5)	(0.1)

Finance Revenue

Finance revenue for the year ended 31 December 2013 increased to £0.3 million from £0.1 million for the year ended 31 December 2012 due to an increase in bank deposits.

Finance Costs

Finance costs for the year ended 31 December 2013 decreased marginally to £15.5 million from £15.7 million for the year ended 31 December 2012 due to lower non-utilisation charges on our revolving credit facility as a result of our improved net debt to EBITDA ratio.

Tax Expense

The tax expense for the year ended 31 December 2013 increased to £4.6 million from £0.4 million for the year ended 31 December 2012. This was due to a relatively lower tax expense for the year ended 31 December 2012 that resulted from a deferred taxation credit of £4.1 million that arose due to the recognition of a deferred taxation asset relating to non-trading taxation losses and a reduction in the deferred taxation liability due to lower corporation tax rates in the United Kingdom.

Profit for the Year

Profit for the year ended 31 December 2013 decreased slightly to £20.0 million from £20.6 million for the year ended 31 December 2012. This decrease was primarily due to the factors described above.

Year Ended 31 December 2012 Compared to Year Ended 31 December 2011

Revenue

Revenue for the year ended 31 December 2012 decreased by 1.5% to £282.0 million from £286.4 million for the year ended 31 December 2011. This decrease was the result of the factors described below.

Revenue by Destination

The table below sets out our revenue by product destination for the years ended 31 December 2011 and 2012.

	Year Ended 31 December				
	2011		*2012*		
	£m	*% of Revenue*	*£m*	*% of Revenue*	*% Change*
United Kingdom	207.8	72.6%	209.6	74.3%	0.9%
Rest of Europe	68.1	23.8%	60.6	21.5%	(11.0)%
Rest of World	10.5	3.6%	11.8	4.2%	12.4%
Total	286.4	100.0%	282.0	100.0%	(1.5)%

United Kingdom

Revenue generated within the United Kingdom for the year ended 31 December 2012 increased by 0.9% to £209.6 million from £207.8 million for the year ended 31 December 2011. This was achieved despite an overall decline in UK construction market output of approximately 7.5% (according to the CPA Winter 2013-2014 Report). Our UK revenue increased, despite this significant market decline, due in large part to an increase in the sales of our Development Products, which the Directors estimate contributed approximately 26% of our total revenue during the year ended 31 December 2012, as compared to approximately 25% during the previous year. Distribution gains from our merchant customers and price increases intended to recover higher input costs also contributed to the revenue growth in the United Kingdom.

Rest of Europe

Revenue generated from the rest of Europe declined by 11% to £60.6 million for the year ended 31 December 2012 from £68.1 million for the year ended 31 December 2011. This was primarily driven by an adverse GBP/Euro currency exchange movement, which resulted in a decline of £4.3 million for the period, and a decline in revenue of £3.2 million, calculated at constant exchange rates, due to weak market conditions in France and the exit from the low margin polyethylene potable water piping business.

Rest of World

Revenue generated from jurisdictions outside of the United Kingdom and Continental Europe improved by 12.4% to £11.8 million for the year ended 31 December 2012 from £10.5 million for the year ended 31 December 2011. This increase was the result of our expansion of our sales office in Dubai during the year to promote end-user demand generation and securing specification approvals for our products.

Revenue by Division

The table below sets out our revenue by our two divisions, Residential Piping Systems and Commercial and Infrastructure Piping Systems, for the years ended 31 December 2011 and 31 December 2012.

	Year Ended 31 December				
	2011		***2012***		
	£m	***% of Revenue***	***£m***	***% of Revenue***	***% Change***
Residential Piping Systems	151.1	50.9%	152.3	52.0%	0.8%
Commercial and Infrastructure Piping Systems	146.0	49.1%	140.7	48.0%	(3.6)%
Total before inter segment sales	297.1	100.0%	293.0	100.0%	(1.4)%
Inter segment sales	(10.7)		(11.0)		
Total	286.4		282.0		(1.5)%

Residential Piping Systems

Revenue from our Residential Piping Systems division grew by 0.8% to £152.3 million for the year ended 31 December 2012 from £151.1 million for the year ended 31 December 2011, led by an increase in the revenue generated by this division in the United Kingdom, as discussed above.

Commercial and Infrastructure Piping Systems

Commercial and Infrastructure Piping Systems revenue declined by 3.6% to £140.7 million for the year ended 31 December 2012 from £146.0 million for the year ended 31 December 2011, led by a decline in revenue from our French operations and other factors, as discussed above.

Cost of Sales

The table below sets out our cost of sales for the years ended 31 December 2011 and 2012.

	Year Ended 31 December				
	2011		2012		
	£m	*% of Revenue*	*£m*	*% of Revenue*	*% Change*
Raw materials and packaging costs	139.7	48.8%	127.1	45.1%	(9.0%)
Electricity and gas	6.3	2.2%	6.3	2.2%	(0.0%)
Other factory costs	34.1	11.9%	33.6	11.9%	(1.5%)
Total cost of sales before depreciation	180.1	62.9%	167.0	59.2%	(7.3%)
Depreciation	10.0	3.5%	9.8	3.5%	(2.0%)
Cost of sales	190.1	66.4%	176.8	62.7%	(7.0%)

Our raw materials and packaging costs reduced by 9.0% to £127.1 million for the year ended 31 December 2012 from £139.7 million for the year ended 31 December 2011. This decline was due, in part, to lower sales volumes as a result of the weak market conditions described above. However, the decline in cost of sales was greater than the decline in revenue for the period primarily as a result of the benefits from capital investment directed at improving the efficiency of material utilisation in our operations and to enable the increased use of re-processed materials.

Selling and Distribution Costs

Selling and distribution costs for the year ended 31 December 2012 were largely unchanged from the previous year ended 31 December 2011.

Administration Expenses

Administration expenses for the year ended 31 December 2012 were largely unchanged from the previous year ended 31 December 2011.

Operating Exceptional Items

The table below sets out our operating exceptional items for the years ended 31 December 2011 and 2012.

	Year Ended 31 December	
	2011	*2012*
	£m	
Restructuring costs	0.3	0.3
Amount written off loan to Employee Benefit Trust	0.3	—
Amount written off other investments	—	0.2
Bad debts	—	0.7
Surplus property costs provision no longer required	—	(1.4)
Profit on sale of fixed assets	(0.3)	(0.3)
Operating exceptional items	0.3	(0.5)

Finance Revenue

Finance revenue for the year ended 31 December 2012 was largely unchanged from the previous year ended 31 December 2011.

Finance Costs

Finance costs for the year ended 31 December 2012 were largely unchanged from the previous year ended 31 December 2011.

Tax Expense

Tax expense for the year ended 31 December 2012 decreased to £0.4 million from £0.9 million for the year ended 31 December 2011. This decrease was despite higher profit before tax for the year ended 31 December 2012 as compared to the previous period, primarily as a result of a deferred taxation credit of £4.1 million that arose during the year ended 31 December 2012 due to the recognition of a deferred taxation asset relating to non-trading taxation losses and a reduction in the deferred taxation liability due to lower corporation tax rates in the United Kingdom.

Profit for the Year

Profit for the year ended 31 December 2012 increased to £20.6 million from £9.8 million for the year ended 31 December 2011. This increase was primarily due to the factors described above.

Liquidity and Capital Resources

During the periods under review, our principal use of funds has been to fund:

- the purchase of property, plant and equipment;
- interest payments under the Notes;
- working capital; and
- corporation tax payments.

Our sources of liquidity include our cash flows from operations, our cash balances and deposits of £65.9 million at 31 December 2013 and our undrawn £30.0 million senior revolving credit facility which expires in May 2015.

On or promptly following the date of Admission, all holders of the Notes will be notified that all Notes will be redeemed on a date falling not less than 30, nor more than 60, days after such notice. The net proceeds of the loan to be utilised under Facility A (as defined in paragraph 11.4.2 of Part 13 of this document), together with cash from the Group's resources, will be applied in redemption of all of the Notes.

Upon utilisation of the new facilities which will have been provided to the Group prior to Admission, any amounts outstanding under the senior revolving credit facility will be repaid and commitments thereunder will be cancelled.

Further details of our financing arrangements are set out at paragraph 11 of Part 13 "Additional Information".

Further information concerning the impact of the redemption of the Notes and the New Financing Facilities on our financial position is set out in section B of Part 11 "Unaudited Pro Forma Financial Information".

Historical Cash Flows

The following table summarises our cash flow activity during the years ended 31 December 2011, 2012 and 2013.

Consolidated Statement of Cash Flows

	Year Ended 31 December		
	2011	*2012*	*2013*
		£m	
Operating activities:			
Profit for the year before tax	10.7	21.0	24.6
Add back net financing costs	15.5	15.6	15.2
	26.2	36.6	39.8
Adjusted for non cash items:			
Gain on disposal of property, plant and equipment	(0.3)	(0.3)	(0.7)
Profit on sale of investments	—	—	(0.3)
Share of loss of associate	0.1	—	—
Depreciation of property, plant and equipment	13.0	12.9	13.9
Operating cash flow before movement in working capital	39.0	49.2	52.7
Movement in working capital:			
Receivables	9.7	(5.9)	1.9
Payables	(2.0)	3.0	4.7
Inventories	(1.7)	(2.9)	(1.1)
Cash generated from operations	45.0	43.4	58.2
Income tax received/(paid)	0.1	(3.8)	(4.9)
Net cash flows from operating activities	45.1	39.6	53.3
Investing Activities:			
Interest received	—	0.1	0.3
Proceeds from disposal of property, plant and equipment	0.4	0.4	0.8
Proceeds from sale of investments	—	—	0.3
Purchase of property, plant and equipment	(10.5)	(15.9)	(21.1)
Deferred consideration paid in respect of acquisitions	(1.1)	(0.8)	—
Net cash flow used in investing activities	(11.2)	(16.2)	(19.7)
Financing activities:			
Repayment of bank loan	—	—	(0.1)
Proceeds from share issue	—	0.3	—
Interest paid	(14.6)	(14.5)	(14.6)
Costs of bond issue	(0.8)	—	—
Net cash flows from financing activities	(15.4)	(14.2)	(14.7)
Net increase in cash and cash equivalents	18.5	9.2	18.9
Cash and cash equivalents at 1 January	19.3	37.8	47.0
Cash and cash equivalents at 31 December	37.8	47.0	65.9

Net Cash Flow from Operating Activities

Net cash flow from operating activities for the year ended 31 December 2013 increased by 34.6% to £53.3 million from £39.6 million for the year ended 31 December 2012. This increase was primarily the result of improved profitability and a £5.5 million reduction in net working capital in 2013 compared with a £5.8 million increase in net working capital during 2012. See paragraph headed "Net Working Capital" below.

The net cash inflow from operating activities for the year ended 31 December 2012 decreased by 12.2% to £39.6 million from £45.1 million for the year ended 31 December 2011. This decrease was primarily the result of income tax paid of £3.8 million for the year ended 31 December 2012 compared with an income tax refund of £0.1 million for the year ended 31 December 2011.

Net Cash Flow from Investment Activities

Net cash outflow from investment activities for the year ended 31 December 2013 increased by 21.6% to an outflow of £19.7 million from an outflow of £16.2 million for the year ended 31 December 2012 as we continued to invest in projects intended to reduce materials costs and general investment in operating facilities.

The net cash outflow from investment activities increased by 44.6% to an outflow of £16.2 million for the year ended 31 December 2012 from an outflow of £11.2 million for the year ended 31 December 2011. This increase was primarily the result of an increase in capital expenditure on projects aimed at reducing material costs and generating operating efficiencies.

Net Cash Flows from Financing Activities

The net cash outflow from financial activities for the year ended 31 December 2013 increased by £0.5 million to an outflow of £14.7 million from an outflow of £14.2 million during the year ended 31 December 2012. This increase was largely the result of £0.3 million of proceeds from the issuance of ordinary shares during the year ended 31 December 2012. Additionally we repaid £0.1 million of borrowings held by a French subsidiary in the year ended 31 December 2013.

The net cash outflow from financing activities for the year ended 31 December 2012 improved to an outflow of £14.2 million from an outflow of £15.4 million for the year ended 31 December 2011. The improvement was primarily the result of the settlement of outstanding issuance costs related to the Notes issued during the year ended 31 December 2010 and proceeds from the issuance of ordinary shares.

Net Working Capital

We define net working capital as inventory and trade and other receivables less trade and other payables. Our month-end net working capital position fluctuates significantly during the year.

Net working capital at our December year-end is the lowest position during the year due to the seasonal slowdown in December in construction site activity and our manufacturing operations ahead of the Christmas holiday period, as well as the accumulation of quarterly and annual customer rebate liabilities which are settled in the following year.

The table below sets out our net working capital as at 31 December 2011, 2012 and 2013.

	As at 31 December		
	2011	***2012***	***2013***
		£m	
Current Assets (excluding cash and cash equivalents and financial assets)			
Inventories	34.9	37.6	38.9
Trade and other receivables	17.5	23.1	21.4
Total current assets (excluding cash and cash equivalents and financial assets)	52.4	60.7	60.3
Current Liabilities			
Trade and other payables	(54.3)	(56.9)	(62.0)
Net Working Capital	(1.9)	3.8	(1.7)

As of 31 December 2013 compared to 31 December 2012

Our net working capital as of 31 December 2013 decreased to negative £1.7 million from £3.8 million for the year ended 31 December 2012. This decrease was largely the result of the increase in the total amount of rebates accrued, due to increased sales.

As of 31 December 2012 compared to 31 December 2011

Our net working capital as of 31 December 2012 increased to £3.8 million from negative £1.9 million at 31 December 2011. This increase was primarily the result of an increase in inventory levels of £2.7 million ahead of the forecasted improvement in UK market demand in 2013. The increase was also due to an increase in trade and other receivables of £5.6 million due largely to delayed customer rebate claims at 31 December 2011 as compared to the year ended 31 December 2010.

Capital Expenditures

The table below sets out our capital expenditures as of 31 December 2011, 2012 and 2013:

	As of 31 December		
	2011	*2012*	*2013*
		£m	
Investments in Tangible Assets			
Freehold and Land Buildings	0.5	1.0	1.3
Plant and Other Equipment	9.9	15.0	19.6
Total	10.4	16.0	20.9

The Directors estimate that approximately £8.0 million to £10.0 million is our annual maintenance level of capital expenditure. When evaluating potential discretionary capital expenditure projects during the period under review, we typically targeted a cash payback period of less than 2.5 years.

During the years ended 31 December 2012 and 2013, our capital expenditures were primarily intended to increase the manufacturing capacity for the production of our water management products in order to meet increased demand, support a reduction in our raw material costs by bringing a material reprocessing plant online in order to facilitate our use of recycled plastics and generate other operating efficiencies, for example through our new high speed extrusion lines for use by our Residential Piping Systems division.

Contractual Commitments

At 31 December 2013 the Group had commitments of £0.9 million relating to plant and machinery purchases.

Pension Commitments

Polypipe does not operate a defined benefit pension scheme.

Polypipe operates two defined contribution group personal pension schemes for employees in the United Kingdom.

Polypipe France does not grant any pension rights to its employees in excess to the rights granted under law and the applicable collective bargaining agreement. Such rights comprise a lump-sum payment at the time of retirement and the employer has no further commitment thereafter.

Polypipe Italy runs a pension scheme whereby approximately 30% of each employee's gross annual salary is paid by Polypipe Italy into the scheme. Polypipe Italy also provides for 1/13 of the gross salary of each employee on a monthly basis, which is paid to the individual as a lump-sum payment upon the individual leaving the company or retiring.

For further details of the Group's pensions arrangements, please refer to paragraph 6 of Part 13 of this document.

Lease Commitments

The Group has no finance lease commitments.

The Group has entered into commercial leases on certain properties and plant and equipment. These leases have an average life of between 7 and 15 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at 31 December 2013
	£m
Land and Buildings	
Within one year	0.1
After one year, but not more than five years	0.5
More than five years	10.4
Total	11.0
Other Lease Obligations	
Within one year	0.2
After one year, but not more than five years	1.8
More than five years	1.5
Total	3.5

Qualitative and Quantitative Disclosure About Market Risk

The main market risks we face are raw material price fluctuations and foreign currency rate and interest rate changes.

Commodity Prices

Our key raw material inputs for manufacturing are polymers, including PVC, polypropylene and polyethylene, which represent approximately one third of our cost of sales. Polymer prices exhibit significant fluctuations, reflecting both industry conditions and exchange rates, as these materials generally are priced with reference to a US dollar benchmark. While we monitor polymer prices and seek to effect purchases on the best terms available in the market, we generally agree pricing for these materials on a monthly basis. There is no effective forward hedging market in existence for the polymers used in our manufacturing processes.

We generally seek to pass on cost increases to our customers by raising the price of our products, although our ability to do so may be limited by the currently applicable terms and conditions of our rebate agreements (governing the price adjustment mechanisms) with customers and/or by market conditions. In circumstances where the international market prices of crude oil and other petroleum feedstocks rise sharply, and there is a corresponding rise in the prices of the raw materials we purchase (in particular PVC, polypropylene and polyethylene), we have been able in the past to raise our prices sufficiently to recover such cost increases, although such price increases can sometimes lag behind the relevant cost increases. This lag has had an effect on our operating margins and cash flows over the period under review. In the future, we may be unable to raise our prices sufficiently or in a timely manner to cover such cost increases, which could have an effect on our operating margins and cash flows.

Foreign Currency Rates

Foreign currency risk is the risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities where the revenue or expense is denominated in a currency other than pounds sterling, which is our functional currency.

	Change in Exchange Rates Effect on:	
	Net Assets	Consolidated Income
	£m	
2013		
10% strengthening of Sterling: against Euro	(1.6)	—
10% weakening of Sterling: against Euro	1.9	—
2012		
10% strengthening of Sterling: against Euro	(1.5)	(0.1)
10% weakening of Sterling: against Euro	1.9	0.1
2011		
10% strengthening of Sterling: against Euro	(1.5)	—
10% weakening of Sterling: against Euro	1.8	—

At 31 December 2013, we sold €3.0 million and $14.5 million forward for pounds sterling. The unrealised gain on these forward currency contracts amount to £0.4 million at 31 December 2013 which has been recognised as a financial asset.

Credit Risk – Trade Receivables

As we distribute our products through merchants, any credit risk is with those merchants, which typically present lower credit risk, rather than with end-users. Nonetheless, we seek to mitigate customer credit risk through credit insurance. At 31 December 2013, approximately 78% of our net trade receivables were covered by credit insurance.

Interest Rates

We are not exposed to interest rate fluctuations on our borrowings as the interest payable on our bonds is at a fixed rate and there were no drawings on our RCF during the period under review.

Further details of our financing arrangements are set out at paragraph 11 of Part 13 "Additional Information".

Current trading and prospects

We have made a positive start in the first two months of 2014, with our results ahead of those of the same period in the prior year, as well as budget. Both the Residential Piping Systems division and the Commercial and Infrastructure Piping Systems division performed ahead of the same period last year, which had been negatively impacted by adverse weather conditions, and we reported a 9.8% increase in revenue for the eight week period ended 28 February 2014 as compared to the same period during the previous year. In addition, the EBITDA margin across both the Residential Piping Systems division and the Commercial and Infrastructure Piping Systems division has improved compared to the same period last year. The Directors are confident about the prospects of the Group and the outturn for the current financial year.

Dividend policy

The Directors intend to adopt a progressive dividend policy. Assuming that sufficient distributable reserves are available at the time, the Directors initially intend to target the declaration of a total annual dividend of at least 40% of the Group's annual reported profits after tax.

The Directors intend that the Company will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of its interim and preliminary results respectively in the approximate proportions of one-thirds and two-thirds, respectively. The Group may revise its dividend policy from time to time.

PART 10
CAPITALISATION AND INDEBTEDNESS

Capitalisation and indebtedness

The table below sets out the Group's capitalisation and indebtedness as at 31 December 2013 and has been extracted without material adjustment from Part 11: "Financial Information".

	£m
Total non-current debt	
Secured	150.6
Shareholder's equity	
Share capital	1.3
Foreign currency reserve	(0.6)
Total	151.3

There has been no material change in the Group's capitalisation since 31 December 2013.

The following table sets out the Company's unaudited net indebtedness as at 28 February 2014.

	£m
Cash	61.0
Liquidity	61.0
Current Financial Assets	0.5
Current Financial Debt	—
Net Current Financial Indebtedness	61.5
Senior Secured Notes	(153.2)
Non Current Financial Indebtedness	(153.2)
Net Financial Indebtedness	91.7

The Group has no indirect or contingent indebtedness.

PART 11
FINANCIAL INFORMATION

SECTION A – ANNUAL CONSOLIDATED FINANCIAL INFORMATION OF POLYPIPE GROUP PLC

ACCOUNTANT'S REPORT

Accountant's report on Historical Financial Information

The Directors
Polypipe Group plc
Broomhouse Lane,
Edlington,
Doncaster,
South Yorkshire,
DN12 1ES

11 April 2014

Dear Sirs

We report on the consolidated financial information set out on pages 84 to 111 in respect of Hamsard 3054 Limited (now named Polypipe Group plc) and subsidiaries (together, the "Group") for the years ended 31 December 2011, 2012 and 2013 (the "Historical Financial Information"). The Historical Financial Information has been prepared for inclusion in the prospectus dated 11 April 2014 of Polypipe Group plc on the basis of the accounting policies set out in Note 2. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) 809/2004, consenting to its inclusion in the prospectus.

Responsibilities

The Directors of Polypipe Group plc are responsible for preparing the Historical Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the prospectus dated 11 April 2014, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

ANNUAL CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT
for the years ended 31 December

	Notes	*2011* *£m*	*2012* *£m*	*2013* *£m*
Revenue	*5*	**286.4**	**282.0**	**300.8**
Cost of sales		(190.1)	(176.8)	(188.3)
Gross profit		**96.3**	**105.2**	**112.5**
Selling and distribution costs		(44.1)	(44.0)	(46.9)
Administration expenses		(25.6)	(25.1)	(25.9)
Share of loss in associate		(0.1)	—	—
Group operating profit before operating exceptional items		**26.5**	**36.1**	**39.7**
Operating exceptional items	*8*	(0.3)	0.5	0.1
Group operating profit	*5, 6*	**26.2**	**36.6**	**39.8**
Finance revenue	*11*	—	0.1	0.3
Finance costs	*12*	(15.5)	(15.7)	(15.5)
Profit before tax		**10.7**	**21.0**	**24.6**
Tax expense	*13*	(0.9)	(0.4)	(4.6)
Profit for the year		**9.8**	**20.6**	**20.0**

All the profit for the year is attributable to owners of the parent.

Earnings per share (pence) attributable to equity holders of the parent				
Basic and diluted	*14*	13.3	27.7	26.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the years ended 31 December

	2011 *£m*	*2012* *£m*	*2013* *£m*
Profit for the year	**9.8**	**20.6**	**20.0**
Other comprehensive income:			
Items which will be reclassified subsequently to profit and loss:-			
Exchange differences on translation of foreign operations	(0.5)	(0.4)	0.3
Other comprehensive income for the year net of tax	**(0.5)**	**(0.4)**	**0.3**
Total comprehensive income for the year net of tax	**9.3**	**20.2**	**20.3**

All comprehensive income for the year is attributable to owners of the parent.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended 31 December

	Share capital £m	*Share premium £m*	*Foreign Currency Retranslation reserve £m*	*Retained earnings £m*	*Total equity £m*
At 1 January 2011	**205.4**	**111.5**	**—**	**(135.6)**	**181.3**
Profit for the year	—	—	—	9.8	9.8
Other comprehensive income	—	—	(0.5)	—	(0.5)
Total comprehensive income for the year	**—**	**—**	**(0.5)**	**9.8**	**9.3**
Premium arising on reduction in nominal value of shares	(204.2)	204.2	—	—	—
At 31 December 2011	**1.2**	**315.7**	**(0.5)**	**(125.8)**	**190.6**
Profit for the year	—	—	—	20.6	20.6
Other comprehensive income	—	—	(0.4)	—	(0.4)
Total comprehensive income for the year	**—**	**—**	**(0.4)**	**20.6**	**20.2**
Issue of share capital (Note 23)	0.1	—	—	—	0.1
Premium on shares issued in the year (Note 23)	—	0.2	—	—	0.2
At 31 December 2012	**1.3**	**315.9**	**(0.9)**	**(105.2)**	**211.1**
Profit for the year	—	—	—	20.0	20.0
Other comprehensive income	—	—	0.3	—	0.3
Total comprehensive income for the year	**—**	**—**	**0.3**	**20.0**	**20.3**
Premium arising on reduction in nominal value of shares	—	(315.9)	—	315.9	—
At 31 December 2013	**1.3**	**—**	**(0.6)**	**230.7**	**231.4**

CONSOLIDATED BALANCE SHEET
for the years ended 31 December

	Notes	*2011* *£m*	*2012* *£m*	*2013* *£m*
Non-Current Assets				
Property, plant and equipment	*15*	79.0	81.9	89.0
Intangible assets	*16*	234.4	234.4	234.4
Investments accounted for under the equity method	*18*	0.2	—	—
Total non-current assets		**313.6**	**316.3**	**323.4**
Current Assets				
Inventories	*19*	34.9	37.6	38.9
Trade and other receivables	*20*	17.5	23.1	21.4
Financial assets	*21*	0.1	0.2	0.4
Cash and cash equivalents	*22*	37.8	47.0	65.9
Total current assets		**90.3**	**107.9**	**126.6**
Total assets		**403.9**	**424.2**	**450.0**
Current Liabilities				
Trade and other payables	*24*	(54.3)	(56.9)	(62.0)
Financial liabilities	*25*	—	(0.1)	—
Income tax payable	*13*	(2.1)	(2.8)	(2.4)
Total current liabilities		**(56.4)**	**(59.8)**	**(64.4)**
Non-Current Liabilities				
Financial liabilities	*25*	(148.6)	(149.6)	(150.6)
Other liabilities		(2.7)	(2.2)	(2.0)
Deferred tax liability	*13*	(5.6)	(1.5)	(1.6)
Total non-current liabilities		**(156.9)**	**(153.3)**	**(154.2)**
Total liabilities		**(213.3)**	**(213.1)**	**(218.6)**
Net assets		**190.6**	**211.1**	**231.4**
Capital and reserves				
Equity share capital	*23*	1.2	1.3	1.3
Share premium	*23*	315.7	315.9	—
Foreign currency translation reserve		(0.5)	(0.9)	(0.6)
Retained earnings		(125.8)	(105.2)	230.7
Total equity		**190.6**	**211.1**	**231.4**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended 31 December

	Notes	*2011* *£m*	*2012* *£m*	*2013* *£m*
Operating activities				
Profit for the year before tax		**10.7**	**21.0**	**24.6**
Add back net financing costs	*11,12*	15.5	15.6	15.2
		26.2	**36.6**	**39.8**
Adjusted for non-cash items:				
Gain on disposal of property, plant and equipment		(0.3)	(0.3)	(0.7)
Profit on sale of investments		—	—	(0.3)
Share of loss of associate		0.1	—	—
Depreciation of property, plant and equipment	*15*	13.0	12.9	13.9
Operating cash flow before movement in working capital		**39.0**	**49.2**	**52.7**
Working capital adjustments:				
(Increase) / decrease in receivables		9.7	(5.9)	1.9
Increase / (decrease) in payables		(2.0)	3.0	4.7
Increase in inventories		(1.7)	(2.9)	(1.1)
Cash generated from operations		**45.0**	**43.4**	**58.2**
Income tax paid/(received)		0.1	(3.8)	(4.9)
Net cash flows from operating activities		**45.1**	**39.6**	**53.3**
Investing Activities				
Interest received		—	0.1	0.3
Proceeds from disposal of property, plant and equipment		0.4	0.4	0.8
Proceeds from sale of investments		—	—	0.3
Purchase of property, plant and equipment		(10.5)	(15.9)	(21.1)
Deferred consideration paid in respect of acquisitions		(1.1)	(0.8)	—
Net cash flow used in investing activities		**(11.2)**	**(16.2)**	**(19.7)**
Financing activities				
Repayment of bank loan		—	—	(0.1)
Proceeds from share issue	*23*	—	0.3	—
Interest paid		(14.6)	(14.5)	(14.6)
Costs of new bond issue		(0.8)	—	—
Net cash flows from financing activities		**(15.4)**	**(14.2)**	**(14.7)**
Net increase in cash and cash equivalents		**18.5**	**9.2**	**18.9**
Cash and cash equivalents at 1 January	*22*	19.3	37.8	47.0
Cash and cash equivalents at 31 December	*22*	**37.8**	**47.0**	**65.9**

1. General Information

The Company was incorporated and registered in England and Wales on 19 January 2007 as a private company limited by shares with the name Hamsard 3054 Limited and with the registered number 6059130. The registered office is located at Broomhouse Lane, Edlington, Doncaster, DN12 1ES. The principal activity of the Group is the manufacture of plastic pipe systems for the building and construction market.

On 28 March 2014, the Company was re-registered as a public limited company with the name Polypipe Group plc.

The historical financial information presented in the financial statements is at and for the years ended 31 December 2011, 31 December 2012 and 31 December 2013, and comprises a consolidation of the financial information of the Company and all of its subsidiaries.

2. Summary of significant accounting policies

The basis of preparation and accounting policies used in preparing the consolidated historical financial information for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 are set out below. These accounting policies have been consistently applied in all material respects to all the periods presented following adoption of International Financial Reporting Standards (IFRS) as endorsed by the European Union regulations.

Basis of preparation

As required by the Prospectus rules, the consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union. The financial information has been prepared based on those standards that will be effective for the Group in its next set of financial statements for the year ending 31 December 2013, and using the principal accounting policies outlined below.

The consolidated historical financial information has been prepared specifically for the purpose of the Prospectus and is prepared:

- in accordance with the requirements of the Prospectus Directive Regulation and the Listing Rules; and
- in accordance with this basis of preparation.

The historical financial information has been prepared on a historical cost basis. The historical financial information has been presented in sterling, rounded to the nearest million (£m) unless otherwise stated and has been prepared on a going concern basis.

The statement of financial position has been categorised into current and non-current items in accordance with IAS 1 'Presentation of Financial Statements'. To aid clarity, a number of items have been summarised both in the balance sheet and in the income statements. These are discussed in detail in the notes to the historical financial information.

2.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2011, 31 December 2012 and 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment before aggregation. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

2.3 Foreign currency translation

The Group's consolidated financial statements are presented in Pounds Sterling, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured in that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into Pounds sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at average exchange rates prevailing. The resulting exchange differences are recognised in other comprehensive income.

2.4 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer (when the goods are delivered). The amount is recognised net of any discounts or rebates payable, which are accrued at the point at which the goods are delivered.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2.5 Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred Income Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

For deductible temporary differences associated with investments in subsidiaries and associates, it must additionally be probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxation authority and that authority permits the group to make a single net payment.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.6 Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on the cost less residual value of property, plant and equipment, and is on a straight-line basis over its expected useful life as follows:

Freehold land	Nil
Freehold buildings	Over expected economic life not exceeding 50 years
Plant and other equipment	4 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives, residual values and depreciation methods are reviewed at each financial year end and where adjustments are required these are made prospectively.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or where no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.7 Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Research and Development costs

Research costs are expensed as incurred. Development expenditures on individual projects are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and

At the reporting dates no development costs have met the above criteria.

2.8 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there are any indicators that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. The recoverable amount of an asset or cash generating unit (CGU) is the higher of its fair value less costs to sell and its value in use and it is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses related to goodwill cannot be reversed in future periods.

2.9 Leasing

The classification of leases as finance or operating leases requires the Group to determine, based on an evaluation of the terms and conditions, whether it retains or acquires the significant risks and rewards or ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised on the statement of financial position.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight line basis over the lease term.

2.10 Financial instruments

(i) Financial Assets

Initial recognition and measurement

Financial assets within the scope of IAS 39: Financial instruments: Recognition and measurement ('IAS 39') are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit and loss.

The Group's financial assets include cash and cash equivalents and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Group does not hold any held to maturity investments or available for sale financial assets.

Financial assets at fair value through profit of loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; and
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through'

arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of financial liabilities at initial recognition. The Group has trade and other payables, loans classified as loans and borrowings and derivative financial instruments. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 28.

v) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- raw materials – purchase cost on a first-in, first-out basis
- work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2.11 Cash and Short Term Deposits

Cash and short term deposits consist of cash at bank and in hand.

2.12 Pensions

The Group operates a defined contribution pension plan. Contributions payable in the year are charged to the income statement. The assets are held separately from those of the Group in an independently administered fund. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2.13 Exceptional items

The Group presents as operating exceptional items on the face of the income statement, those items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. This is to facilitate comparison with prior periods and to assess better trends in financial performance.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have the most significant effect on amounts recognised in the financial statements:

3.1 Impairment of non-financial assets

In accordance with IFRS, the Group considers whether there are any indicators of impairment of assets. Where indicators of impairment are identified, the Group tests the asset for impairment. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

The Group's impairment test for goodwill is based either on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget/forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 17.

3.2 Recognition of customer rebates

The Company's pricing structure involves rebate arrangements with several of its direct and indirect customers. These can be complex in nature and may involve judgement and estimation in determining the required level of provision for outstanding rebate liabilities.

4. Standards issued but not yet effective and standards which have been early adopted

Standards which have been early adopted

The Group has adopted IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 36 'Impairment of assets (as amended)' in these financial statements. The standards and amendments were effective for accounting periods beginning on or after 1 January 2013, but for companies preparing financial statements compliant with EU-adopted IFRS, the effective date for the standards and amendments was for financial periods beginning on or after 1 January 2014.

Other standards effective on 1 January 2014 do not have a material impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

The following standards and interpretations have an effective date after the date of these financial statements but the group has not early adopted them and plans to adopt them from the effective dates adopted by EU. This listing of standards and interpretations issued are those that the group reasonably expect to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments (mandatory effective date to be decided)

IFRS 9 as issued reflects two phases of the IASBs work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and financial liabilities, and to hedge accounting. In a subsequent phase, the IASB will address impairment. The Group will quantify the effect of the standard once all phases are complete and the standard has been finalised.

5. (a) Segment information

All group revenues are received for the sale of goods.

The group has two reporting segments – Residential Piping Systems and Commercial and Infrastructure Piping Systems. Several operating segments that have similar economic characteristics have been aggregated into these two reporting segments.

Transactions between reportable segments are conducted on an arm's length basis.

	2011		2012		2013	
	Revenue £m	*Operating profit £m*	*Revenue £m*	*Operating profit £m*	*Revenue £m*	*Operating profit £m*
Residential Piping Systems	151.1	19.7	152.3	25.4	158.7	26.1
Commercial & Infrastructure Piping Systems	146.0	6.5	140.7	11.2	152.6	13.7
Inter segment sales	(10.7)	—	(11.0)	—	(10.5)	—
Total Group	**286.4**	**26.2**	**282.0**	**36.6**	**300.8**	**39.8**
Net financing costs		(15.5)		(15.6)		(15.2)
Profit before taxation		**10.7**		**21.0**		**24.6**
Taxation		(0.9)		(0.4)		(4.6)
Profit after taxation		**9.8**		**20.6**		**20.0**

	Balance Sheet					
	2011		2012		2013	
	Total Assets £m	*Total Liabilities £m*	*Total Assets £m*	*Total Liabilities £m*	*Total Assets £m*	*Total Liabilities £m*
Residential Piping Systems	222.2	(39.8)	225.5	(40.5)	228.5	(42.1)
Commercial & Infrastructure Piping Systems	143.9	(16.8)	151.7	(18.3)	155.6	(21.5)
Total segment assets/(liabilities)	**366.1**	**(56.6)**	**377.2**	**(58.8)**	**384.1**	**(63.6)**
Taxes	—	(7.7)	—	(4.3)	—	(4.0)
Net debt	37.8	(149.0)	47.0	(150.0)	65.9	(151.0)
Total group	**403.9**	**(213.3)**	**424.2**	**(213.1)**	**450.0**	**(218.6)**
Net assets		**190.6**		**211.1**		**231.4**

Capital Expenditure

	2011 £m	2012 £m	2013 £m
Residential Piping Systems	5.7	7.3	9.2
Commercial & Infrastructure Piping Systems	4.7	8.7	11.7
Total	**10.4**	**16.0**	**20.9**

Depreciation of Property, plant and equipment

	2011 £m	2012 £m	2013 £m
Residential Piping Systems	7.2	7.0	7.3
Commercial & Infrastructure Piping Systems	5.8	5.9	6.6
Total	**13.0**	**12.9**	**13.9**

Operating exceptional items

	2011 £m	2012 £m	2013 £m
Residential Piping Systems	0.1	(0.4)	(0.2)
Commercial & Infrastructure Piping Systems	0.2	(0.1)	0.1
Total	**0.3**	**(0.5)**	**(0.1)**

5. (b) Geographical analysis

	2011 £m	2012 £m	2013 £m
Revenue by destination			
UK	207.8	209.6	226.2
Rest of Europe	68.1	60.6	61.3
Rest of World	10.5	11.8	13.3
Total group	**286.4**	**282.0**	**300.8**
Non-current assets			
UK	292.1	294.5	300.9
Rest of Europe	21.5	21.8	22.5
Total group	**313.6**	**316.3**	**323.4**

Non-current assets for this purpose consist of Property, plant and equipment and goodwill.

6. Operating profit

	2011 £m	2012 £m	2013 £m
Income statement charges			
Depreciation of property, plant & equipment (owned)	13.0	12.9	13.9
Cost of inventories recognised as an expense	190.1	176.8	188.3
Operating lease payments – minimum lease payments	2.4	2.5	2.8
Research and development costs written off	0.2	0.2	0.2
Income statement credits			
Profit on disposal of non-current assets	0.3	0.3	0.7

7. Auditor's remuneration

The Group paid the following amounts to the company's auditors in respect of the audit of the financial statements and for other services provided to the Group.

Auditor's remuneration for audit services:

	2011 £m	*2012 £m*	*2013 £m*
Audit of the company's annual accounts	—	—	—
Audit of the company's subsidiaries	0.2	0.2	0.2
Total audit fees	**0.2**	**0.2**	**0.2**

Auditor's remuneration for non audit services:

	2011 £m	*2012 £m*	*2013 £m*
Other services relating to corporate finance transactions	0.1	0.1	0.1
Total non-audit fees	**0.1**	**0.1**	**0.1**

8. Operating exceptional Items

Operating exceptional items comprised:

	2011 £m	2012 £m	2013 £m
Restructuring costs	0.3	0.3	0.7
Aborted acquisition costs	—	—	0.2
Amount written off loan to Employee Benefit Trust	0.3	—	—
Profit on sale of investments	—	—	(0.3)
Amount written off other investments	—	0.2	—
Bad debts	—	0.7	—
Surplus property costs provision no longer required	—	(1.4)	—
Profit on sale of fixed assets	(0.3)	(0.3)	(0.7)
	0.3	**(0.5)**	**(0.1)**

9. Staff costs and directors emoluments

Staff costs for the year were:

	2011 £m	2012 £m	2013 £m
Wages and salaries	52.9	52.8	55.1
Social security costs	6.7	7.1	7.3
Other pension costs	0.9	1.4	1.0
	60.5	**61.3**	**63.4**

The average monthly number of persons employed by the Group during the year analysed by segment was as follows:

	2011 No.	2012 No.	2013 No.
Residential Piping Systems	1,283	1,250	1,273
Commercial and Infrastructure Piping Systems	737	737	812
	2,020	**1,987**	**2,085**

10. Directors' remuneration

Details of the directors remuneration are set out below:

	2011 £'000	2012 £'000	2013 £'000
Fees	40	40	40
Emoluments	1,337	1,432	1,532
Company contributions to money purchase pension scheme	78	354	80
	1,455	**1,826**	**1,652**
Remuneration of the highest paid director			
– Emoluments	588	521	678
– Company contributions to money purchase pension scheme	33	259	34
	621	**780**	**712**
Number of directors who are members of the money purchase pension scheme	3	3	3

11. Finance Revenue

	2011 £m	2012 £m	2013 £m
Bank interest income	—	0.1	0.3

12. Finance Costs

	2011 £m	*2012 £m*	*2013 £m*
Interest on Senior Secured Notes	13.8	14.2	14.2
Debt issue cost amortisation	1.1	1.1	1.1
Bank interest and other finance charges	0.6	0.4	0.2
Total finance costs	**15.5**	**15.7**	**15.5**

13. Taxation

(a) Tax charged in the income statement

	2011 £m	*2012 £m*	*2013 £m*
Current income tax:			
UK corporation tax	1.8	4.0	4.3
Overseas tax	0.3	0.6	0.1
Current income tax charge	**2.1**	**4.6**	**4.4**
Adjustment in respect of prior years	0.1	(0.1)	—
Total current income tax	**2.2**	**4.5**	**4.4**
Deferred tax:			
Origination and reversal of temporary differences	(0.7)	(3.5)	0.5
Effect of changes in tax rates	(0.5)	(0.5)	(0.3)
Overseas taxation	(0.1)	(0.1)	—
Total deferred tax	**(1.3)**	**(4.1)**	**0.2**
Tax expense in the income statement	**0.9**	**0.4**	**4.6**

(b) Reconciliation of the total tax charge

A reconciliation between the tax expense and the product of accounting profit multiplied by the United Kingdom's standard tax rate for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 is as follows:

	2011 £m	*2012 £m*	*2013 £m*
Accounting profit before tax	**10.7**	**21.0**	**24.6**
Accounting profit multiplied by the UK standard rate of tax of 23.5% (2012: 24.5%; 2011: 26.5%)	2.8	5.1	5.7
Expenses not deductible for corporation tax	0.8	1.7	0.6
Non-taxable income	(1.2)	(1.4)	(0.4)
Utilisation of tax losses	—	(0.4)	(1.3)
Adjustments in respect of current income tax of previous years	0.1	(0.1)	—
Deferred tax not previously recognised	(1.1)	(4.0)	0.1
Effects of chargeable gains	—	—	0.2
Effects of changes in tax rate	(0.5)	(0.5)	(0.3)
Total tax expense reported in the income statement	**0.9**	**0.4**	**4.6**

(c) Deferred Tax

The deferred tax included in the Group statement of financial position is as follows:

	2011 £m	*2012 £m*	*2013 £m*
Deferred tax liability			
Short term timing differences	—	0.2	0.3
Capital allowances in excess of depreciation	5.6	2.4	2.3
Tax losses carried forward	—	(1.1)	(1.0)
	5.6	**1.5**	**1.6**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

A deferred tax asset of £1.0m (2012: £1.1m; 2011: £nil) has been recognised in the current year in respect of non-trading losses, the recoverability of which is dependent on the availability of future non-trading profits against which these losses can be used. The asset recognised represents the amount of available losses which it is considered will more than likely be recovered in future, based on the recent history of available taxable profits.

(d) Change in Corporation Tax rate

The chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 23% which was applied from 1 April 2013, to 20% via a 2% reduction at 1 April 2014 and a 1% reduction from 1 April 2015. The reductions in the corporation tax rates to 21% and 20% were included within the Finance Act that was enacted on 17 July 2013.

Deferred tax has therefore been provided at 20%.

(e) Unrecognised tax losses

A deferred tax asset of £3.5m (2012: £5.4m; 2011; £10.8m) in respect of surplus tax losses has not been recognised at 31 December 2013 as its recovery is uncertain.

14. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated in the same way as the company has no convertible equity instruments or employee share options at the balance sheet date.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2011 *£m*	*2012* *£m*	*2013* *£m*
Profit for the year attributable to equity holders of the parent	9.8	20.6	20.0
Weighted average number of ordinary shares in issue during the year	73.5 million	74.4 million	75.2 million
Basic and detailed earnings per ordinary share	13.3 pence	27.7 pence	26.7 pence

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

15. Property, plant and equipment

	Freehold land and buildings £m	*Plant and other equipment £m*	*Total £m*
Cost			
At 1 January 2011	**41.5**	**84.6**	**126.1**
Additions	0.5	9.9	10.4
Disposals	—	(1.4)	(1.4)
Exchange adjustment	(0.4)	(0.9)	(1.3)
At 31 December 2011	**41.6**	**92.2**	**133.8**
Additions	1.0	15.0	16.0
Disposals	(0.1)	(1.0)	(1.1)
Exchange adjustment	(0.1)	(0.6)	(0.7)
At 31 December 2012	**42.4**	**105.6**	**148.0**
Additions	1.3	19.6	20.9
Disposals	—	(6.4)	(6.4)
Exchange adjustment	0.1	0.8	0.9
At 31 December 2013	**43.8**	**119.6**	**163.4**
Depreciation			
At 1 January 2011	**3.8**	**40.3**	**44.1**
Provided during the year	1.7	11.3	13.0
Disposals	—	(1.3)	(1.3)
Exchange adjustment	(0.1)	(0.9)	(1.0)
At 31 December 2011	**5.4**	**49.4**	**54.8**
Provided during the year	1.2	11.7	12.9
Disposals	—	(0.9)	(0.9)
Exchange adjustment	(0.1)	(0.6)	(0.7)
At 31 December 2012	**6.5**	**59.6**	**66.1**
Provided during the year	1.4	12.5	13.9
Disposals	—	(6.4)	(6.4)
Exchange adjustment	0.1	0.7	0.8
At 31 December 2013	**8.0**	**66.4**	**74.4**
Net Book Value:			
At 31 December 2013	**35.8**	**53.2**	**89.0**
At 31 December 2012	**35.9**	**46.0**	**81.9**
At 31 December 2011	**36.2**	**42.8**	**79.0**

Included in freehold land and buildings is non-depreciable land of £11.0m (2012: £11.0m; 2011: £11.0m).

16. Intangible assets

	Goodwill £m
Cost:	
Opening balance at 1 January 2011	234.4
At 31 December 2011	234.4
At 31 December 2012	234.4
At 31 December 2013	234.4
Amortisation and impairment:	
1 January 2011	—
At 31 December 2011	—
At 31 December 2012	—
At 31 December 2013	—
Net book value	
At 31 December 2013	**234.4**
At 31 December 2012	**234.4**
At 31 December 2011	**234.4**

As from 1 January 2011, the date of transition to IFRS, goodwill was no longer amortised but is subject to annual impairment testing (see note 17).

17. Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to a number of cash-generating units. These represent the lowest levels within the Group at which goodwill is monitored for internal management purposes.

Carrying amount of goodwill allocated to each of the cash-generating units:

	31 December 2011 £m	*31 December 2012 £m*	*31 December 2013 £m*
Building Products	146.1	146.1	146.1
Terrain	31.4	31.4	31.4
Civils	36.0	36.0	36.0
Other	20.9	20.9	20.9
	234.4	**234.4**	**234.4**

Impairment tests on the carrying values of goodwill are performed by analysing the carrying value allocated to each significant cash generating unit against its value in use. Value in use is calculated for each cash generating unit as the net present value of that unit's discounted future cash flows. These cash flows are based on budget cash flow information for a period of one year, UK construction industry forecasts of growth for the following four years and growth of 2 to 3% thereafter.

A pre-tax discount rate of 10.6% (2012: 11.3%; 2011: 11.6%) has been applied in determining the recoverable amounts of cash generating units. The discount rate is estimated based on the Group's risk adjusted cost of capital.

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these consolidated financial statements and no such impairments were identified.

18. Investments

(a) Details of Group undertakings

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital at 31 December 2013 are as follows:

Name of company	*Country of incorporation*	*Holding*	*Proportion of voting rights and shares held*
Pipe Luxembourg Sarl	Luxembourg	Ordinary £1	100%
Pipe Holdings 1 Plc	England & Wales	Ordinary £1	100%*
Pipe Holdings 2 Plc	England & Wales	Ordinary £1	100%*
Pipe Holdings Plc	England & Wales	Ordinary £1	100%*
Polypipe Limited	England & Wales	Ordinary £1	100%*
Polypipe France SA	France	Ordinary 200 EUR	100%*
Polypipe Italy SRL	Italy	Ordinary 0.52 EUR	100%*
Robimatic Limited	England & Wales	Ordinary £1	100%*
Polypipe Holdings Ireland Limited	Ireland	Ordinary £1	100%*

All the companies operate principally in their country of registration and in the same class of business as the group. The shares in the undertakings marked with an asterisk are held by subsidiary undertakings.

(b) Investment in associate

The Group had a 26% interest in the ordinary share capital of Timoleon Limited, at 31 December 2011, a company which specialises in custom designed underfloor heating and cooling systems. The Group's investment in Timoleon Limited comprised:

	2011 £m	*2012 £m*	*2013 £m*
Goodwill	0.2	—	—
Share of post acquisition losses	(0.3)	—	—
	(0.1)	**—**	**—**
Amount due from associate	0.3	—	—
	0.2	**—**	**—**

19. Inventories

	2011 £m	*2012 £m*	*2013 £m*
Raw materials	9.9	12.6	13.1
Work in progress	2.3	3.8	4.2
Finished goods	22.7	21.2	21.6
	34.9	**37.6**	**38.9**

All inventories are carried at cost less a provision to take account of slow moving and obsolete items.

20. Trade and Other Receivables

	2011 £m	*2012 £m*	*2013 £m*
Trade receivables	11.6	16.4	14.6
Other receivables	1.8	2.2	2.2
Prepayments and accrued income	4.1	4.5	4.6
	17.5	**23.1**	**21.4**

Trade receivables are non-interest bearing and are generally on 30 days credit.

Impairment losses

The Group maintains a substantial level of credit insurance covering the majority of its trade receivables which mitigates against possible impairment losses, therefore such impairment losses are not significant.

The ageing of trade receivables at the reporting date was:

		2011			2012			2013	
	Gross £m	Provisions £m	**Net £m**	Gross £m	Provisions £m	**Net £m**	Gross £m	Provisions £m	**Net £m**
Not past due	11.0	—	**11.0**	13.1	—	**13.1**	14.0	—	**14.0**
Past due 1-30 days	0.7	(0.1)	**0.6**	0.8	—	**0.8**	0.4	—	**0.4**
Past due 31-90 days	0.3	(0.3)	**—**	2.9	(0.4)	**2.5**	0.5	(0.3)	**0.2**
Past due more than 90 days	0.3	(0.3)	**—**	0.3	(0.3)	**—**	0.4	(0.4)	**—**
Total	**12.3**	**(0.7)**	**11.6**	**17.1**	**(0.7)**	**16.4**	**15.3**	**(0.7)**	**14.6**

The movements in provisions for impairment of trade receivables are as follows:

	£m
At 1 January 2011	**0.8**
Charged to the consolidated income statement during the year	0.1
Utilised during the year	(0.2)
At 31 December 2011	**0.7**
Charged to the consolidated income statement during the year	0.8
Utilised during the year	(0.8)
At 31 December 2012	**0.7**
Charged to the consolidated income statement during the year	0.1
Utilised during the year	(0.1)
At 31 December 2013	**0.7**

21. Financial assets

	2011 £m	2012 £m	2013 £m
Financial assets – current			
Forward currency derivative contracts	0.1	0.2	0.4

22. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	2011 £m	2012 £m	2013 £m
Cash at bank and in hand	37.8	45.0	65.1
Short term cash deposits	—	2.0	0.8
	37.8	**47.0**	**65.9**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group only deposits cash surpluses with major banks of high quality credit standing. At 31 December 2013, the Group had available £30m (2012: £30.0m; 2011: £30.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. £nil (2012: £nil; 2011: £nil) of these facilities fall for review within one year and the remainder is available until May 2015.

23. Share capital and reserves

Authorised Share Capital

	31 December 2011		*31 December 2012*		*31 December 2013*	
	*Number**	*£*	*Number**	*£*	*Number**	*£*
A ordinary preference shares of £0.00001 each	9169.4	91,694	9169.4	91,694	9169.4	91,694
AA ordinary preference shares of £0.00001 each	4315.8	43,158	4315.8	43,158	4315.8	43,158
AAA ordinary preference shares of £0.00001 each	6978.5	69,785	6978.5	69,785	6978.5	69,785
B ordinary preference shares of £0.005 each	122.4	612,007	122.4	612,007	122.4	612,007
D ordinary shares of £0.01 each	15.3	152,906	15.3	152,906	15.3	152,906
F ordinary shares of £0.005 each	61.2	306,003	61.2	306,003	61.2	306,003
		1,275,553		**1,275,553**		**1,275,553**

* *Millions of shares*

Allotted called up and fully paid ordinary share capital

	31 December 2011		*31 December 2012*		*31 December 2013*	
	*Number**	*£*	*Number**	*£*	*Number**	*£*
A ordinary preference shares of £0.00001 each	9,143.6	91,436	9,169.4	91,694	9,169.4	91,694
AA ordinary preference shares of £0.00001 each	4,315.8	43,158	4,315.8	43,158	4,315.8	43,158
AAA ordinary preference shares of £0.00001 each	6978.5	69,785	6,978.5	69,785	6,978.5	69,785
B ordinary preference shares of £0.005 each	119.4	597,006	121.1	605,507	121.1	605,507
D ordinary shares of £0.01 each	15.3	152,906	15.3	152,906	15.3	152,906
F ordinary shares of £0.005 each	58.2	291,003	59.9	299,503	59.9	299,503
		1,245,294		**1,262,553**		**1,262,553**

* *Millions of shares*

The A Ordinary Preference shares, the AA Ordinary Preference shares and AAA Ordinary Preference shares are non-voting (except with respect to class matters) non-redeemable shares. The AAA Ordinary Preference shares entitle their holders to a first ranking return on an exit event and in any return of capital on a winding-up, of up to the first £69.8m of proceeds. The AA Ordinary Preference shares are second ranking in respect of an exit event and in any return of capital on a winding-up, with an entitlement of up to £43.2m following the payment to the AAA Ordinary Preference shareholders. The A Ordinary Preference shares are third ranking in respect of an exit event and the return of capital on a winding-up, with an entitlement of up to £91.7m following the payment to the AAA and AA Ordinary Preference shareholders.

The B Ordinary Preference shares are non-voting (except with respect to class matters) non-redeemable shares. The B Ordinary Preference shares carry no additional right to participate in profits. The B Ordinary Preference shares entitle their holders to a fourth ranking return on an exit event and in any return of capital on winding up, of up to £40.0m following payment to the AAA, AA and A Ordinary Preference shareholders.

The D Ordinary shares are voting non-redeemable shares and rank pari passu with the other ordinary shares as to dividends, voting rights and capital on a winding-up.

The F Ordinary shares are voting non-redeemable shares and rank pari passu with the other ordinary shares as to dividends, voting rights and right to participate in any exit value or capital on a winding-up.

Share Premium

	£m
As at 1 January 2011	**111.5**
Premium arising on reduction in nominal value of shares on 7 September 2011	204.2
As at 31 December 2011	**315.7**
Increase in share capital on 19 June 2012	0.2
As at 31 December 2012	**315.9**
Cancellation of share premium on 20 December 2013	(315.9)
As at 31 December 2013	**—**

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure to support its business objectives and maximise shareholder value. The Group regards shareholders' equity and net debt as its capital. No changes were made to the objectives, policies or processes during the years ended 31 December 2013, 31 December 2012 and 31 December 2011.

24. Trade and other payables (current)

	2011 *£m*	*2012* *£m*	*2013* *£m*
Trade payables	31.2	35.7	39.8
Other taxes and social security costs	7.3	10.8	7.9
Accruals	13.3	9.7	14.3
Other payables	2.5	0.7	—
	54.3	**56.9**	**62.0**

Trade payables are non-interest bearing and generally settled on 30 to 60 day terms.

25. Financial liabilities

	2011 *£m*	*2012* *£m*	*2013* *£m*
Current loans and borrowings:			
Bank loans	—	0.1	—
Non-current loans and borrowings:			
Bank loans	0.1	—	—
Senior secured notes – principal	150.0	150.0	150.0
– interest	2.5	2.5	2.4
– unamortised debt issue costs	(4.0)	(2.9)	(1.8)
Total non-current loans and borrowings	**148.6**	**149.6**	**150.6**
Other liabilities	2.7	2.2	2.0

Loans

Senior secured notes

The senior secured notes had a nominal value of £150m at issuance. The rate of interest payable is 9.5% which is fixed and is payable on 1 May and 1 November each year. The senior secured notes are due to be redeemed on 1 November 2015 but can be redeemed at an earlier date subject to Make-Whole provisions.

The security is in the form of liens over substantially all of the assets of Pipe Holdings 2 Limited and its subsidiaries and a charge over the shares of Pipe Holdings 2 Limited.

Revolver loan

The revolver loan has a facility of £30.0m of which £nil was drawn down at the year end. The loan is secured and accrues interest at a rate of LIBOR + between 2.75% and 3.5% per annum. The revolver facility expires in May 2015.

The Group is subject to a number of covenants in relation to its Revolver Loan which, if breached, would result in the Revolver Loan becoming immediately repayable. These covenants specify certain maximum limits in terms of net debt as a multiple of EBITDA and asset coverage. At the year end the Group was not in breach of any bank covenants.

26. Commitments and contingencies

Operating lease commitments

The Group has entered into commercial leases on certain properties and plant and equipment. These leases have an average life of between 7 and 15 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2011 *£m*	*2012* *£m*	*2013* *£m*
Land and Buildings			
Within one year	0.1	0.2	0.1
After one year, but not more than five years	0.7	0.2	0.5
More than five years	13.2	12.0	10.4
	14.0	**12.4**	**11.0**
	£m	*£m*	
Other			
Not later than one year	—	0.2	0.2
After one year, but not more than five years	1.6	2.0	1.8
More than five years	0.3	1.2	1.5
	1.9	**3.4**	**3.5**

Capital commitments

As at 31 December 2013, the Group had commitments of £0.9m (2012: £3.0m; 2011: £3.3m) relating to plant and equipment purchases.

27. Related party transactions

The company was owed £0.1m (2012: £0.1m; 2011: £0.2m) by the Polypipe Employee Benefit Trust at 31 December 2013.

The company paid an annual management fee of £0.4m (2012: £0.4m; 2011: £0.4m) to Cavendish Square Partners Limited Partnership.

Compensation of key management personnel (including directors)

	2011 *£m*	*2012* *£m*	*2013* *£m*
Short-term employee benefits	1.8	2.1	2.4
Post-employee benefits	0.1	0.4	0.1
	1.9	**2.5**	**2.5**

Key management personnel comprise the executive directors and key divisional managers.

28. Financial risk management objectives and policies.

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables and cash that are derived directly from its operations.

The Group is exposed to credit risk and liquidity risk.

The Group's senior management oversees the management of these risks which are summarised below.

Interest rate risk

The interest rate on its senior secured notes is fixed. Whilst fixed rates provide certainty of cashflow, there is a risk that the Group would not benefit from a reduction in market rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value of a financial instrument or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities where the revenue or expense is denominated in a currency other than the functional currency of the entity undertaking the transaction.

The group enters into forward currency contracts for the purchase and sale of foreign currencies in order to manage its exposure to fluctuations in currency rates primarily in respect of US Dollar and Euro receipts.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a 10% change in the Euro exchange rate versus Pounds Sterling, the presentational currency of the Group used for translation purposes, on the net assets and consolidated net income of the Group. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in exchange rate	*Effect on net assets £m*	*Effect on consolidated income £m*
2013		
10% strengthening of Sterling: against Euro	(1.6)	—
10% weakening of Sterling: against Euro	1.9	—
2012		
10% strengthening of Sterling: against Euro	(1.5)	(0.1)
10% weakening of Sterling: against Euro	1.9	0.1
2011		
10% strengthening of Sterling: against Euro	(1.5)	—
10% Weakening of Sterling: against Euro	1.8	—

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade receivables

Customer credit risk is managed by each subsidiary subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major export customers are generally covered by letters of credit or other forms of credit insurance.

The requirement for impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as disclosed in Note 28.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low. At 31st December 2013, 77.6% of net trade receivables were covered by credit insurance which is subject to the normal policy deductibles.

Financial instruments and cash deposits

The group maintains strong liquidity through cash balances and deposits (£65.9m at 31 December 2013) and its undrawn £30m committed revolving credit facility which matures in May 2015.

Credit risk from balances with banks is managed by the Group's finance department. Investments of surplus funds are made only with banks that have as a minimum a single A credit rating. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2013 is the carrying amounts as illustrated in Note 28.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation. The Group had cash and cash equivalents of £65.9m on 31 December 2013, £30m of undrawn and committed credit facilities and no debt maturities within twelve months.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 December 2013

	< 3 months £m	*3 to 12 months £m*	*1 to 5 years £m*	*Total £m*
Interest bearing senior secured notes				
– principal	—	—	150.0	150.0
– interest	—	14.2	14.3	28.5
Bank loans				
Trade and other payables	62.0	—	2.0	64.0
	62.0	**14.2**	**166.3**	**242.5**

Year ended 31 December 2012

	< 3 months £m	*3 to 12 months £m*	*1 to 5 years £m*	*Total £m*
Interest bearing senior secured notes				
– principal	—	—	150.0	150.0
– interest	—	14.2	28.5	42.7
Bank loans	—	0.1	—	0.1
Trade and other payables	56.9	—	2.2	59.1
	56.9	**14.3**	**180.7**	**251.9**

Year ended 31 December 2011

	< 3 months £m	*3 to 12 months £m*	*1 to 5 years £m*	*Total £m*
Interest bearing senior secured notes				
– principal	—	—	150.0	150.0
– interest	—	14.2	42.8	57.0
Bank loans	—	—	0.1	0.1
Trade and other payables	54.3	—	2.7	57.0
	54.3	**14.2**	**195.6**	**264.1**

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

	Carrying Amount			*Fair Value*		
	2011 £m	*2012 £m*	*2013 £m*	*2011 £m*	*2012 £m*	*2013 £m*
Financial assets						
Cash	37.8	47.0	65.9	37.8	47.0	65.9
Trade and other receivables	17.5	23.1	21.4	17.5	23.1	21.4
Foreign currency derivative contracts	0.1	0.2	0.4	0.1	0.2	0.4

	Carrying Amount			Fair Value		
	2011	*2012*	*2013*	*2011*	*2012*	*2013*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Financial liabilities						
Trade and other payables	(54.3)	(56.9)	(62.0)	(54.3)	(56.9)	(62.0)
Other bank loans	(0.1)	(0.1)	—	(0.1)	(0.1)	—
Senior secured notes	(148.5)	(149.6)	(150.6)	(131.3)	(156.7)	(157.5)
Other liabilities	(2.7)	(2.2)	(2.0)	(2.7)	(2.2)	(2.0)
	(150.2)	**(138.5)**	**(126.9)**	**(133.0)**	**(145.6)**	**(133.8)**

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts.

The fair value of the senior secured notes is based on their quoted mid-point market value.

The carrying value of short term receivables and payables are assumed to approximate to their fair values where discounting is not material.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorder fair value that are not based on observable market data.

As at 31 December 2011, 2012 and 2013, the Group held the following financial instruments measured at fair value:

	2013	*Level 1*	*Level 2*	*Level 3*
	£m	*£m*	*£m*	*£m*
Derivative Financial assets	0.4	0.4		

	2012	**Level 1**	**Level 2**	**Level 3**
	£m	*£m*	*£m*	*£m*
Derivative Financial assets	0.2	0.2	—	—

	2011	**Level 1**	**Level 2**	**Level 3**
Derivative Financial assets	0.1	0.1	—	—

SECTION B – UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited pro forma financial information

The unaudited pro forma statement of net assets set out below in this Part 11 has been prepared to illustrate the effect of the proposed refinancing and expenses arising from the Offer and the refinancing on the consolidated net assets of the Group as if they had occurred as at 31 December 2013. The unaudited pro forma information is based on the audited historical information of the Group for the year ended 31 December 2013 as contained in Part 11"Financial Information" and has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results following the matters referred to above.

The unaudited pro forma statement of net assets has been prepared on a basis consistent with the accounting policies of the Group and on the basis set out in the notes below, and in accordance with Annex II to the Prospectus Directive. It should be read in conjunction with the notes below.

The pro forma information has been prepared for illustrative purposes only and because of its nature addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma statement of consolidated net assets has been prepared on the basis of the notes below:

		Adjustments		
	Polypipe Group plc as at 31 December 2013	*Re-financing*	*Expenses of the Offer and refinancing*	*Unaudited pro forma net assets as at 31 December 2013*
	Note 1 £m	Note 2 £m	Note 3 £m	£m
Non-current assets				
Property, plant and equipment	89.0	—	—	89.0
Intangible assets	234.4	—	—	234.4
Total non-current assets	**323.4**	**—**	**—**	**323.4**
Current assets				
Inventories	38.9	—	—	38.9
Trade and other				
Receivables	21.4	—	—	21.4
Financial assets	0.4	—	—	0.4
Cash and cash equivalents	65.9	(30.0)	(24.0)	11.9
Total current assets	**126.6**	**(30.0)**	**(24.0)**	**72.6**
Total assets	**450.0**	**(30.0)**	**(24.0)**	**396.0**
Current liabilities				
Trade and other payables	(62.0)	—	—	(62.0)
Income tax payable	(2.4)	—	—	(2.4)
Total current liabilities	**(64.4)**	**—**	**—**	**(64.4)**
Non-current liabilities				
Financial liabilities	(150.6)	30.0	2.8	(117.8)
Other liabilities	(2.0)	—	—	(2.0)
Deferred tax liability	(1.6)	—	—	(1.6)
Total non-current liabilities	**(154.2)**	**30.0**	**2.8**	**(121.4)**
Total liabilities	**(218.6)**	**30.0**	**2.8**	**(185.8)**
Net assets	**231.4**	**—**	**(21.2)**	**210.2**
Net debt (Note 6)	**(84.7)**	**—**	**(21.2)**	**(105.9)**

Notes

1. The audited financial information of the Group as at 31 December 2013 has been extracted without material adjustments from Part 11: "Financial Information".

2. For the refinancing, the principal value of existing Notes of £150.0 million are to be replaced by a new term loan of £120.0 million.
3. In relation to the Offer, the Group will incur professional fees of £12.3 million. The cost to call the existing Notes is £7.1 million. The arrangement fee for the new term loan, including legal fees, is £2.2 million, which will be amortised over a five year period. The unamortised deal costs as at 31 December 2013 in relation to the existing Notes was £1.8 million. Interest on the existing Notes of £2.4 million was accrued as at 31 December 2013 within "Financial liabilities".
4. As set out in this Prospectus, the shareholders are selling issued Shares under the Offer. The proceeds from the Offer, net of all Offer related underwriting fees and expenses, are receivable by the shareholders (or as they direct). No proceeds from the Offer are payable to the Company.
5. No account has been taken of trading of the Group since 31 December 2013.
6. Net debt is defined as the net of "Cash and cash equivalents" and "Financial liabilities", which are stated as net of unamortised deal costs/arrangement fees.

Section B: Accountant's report on the Unaudited Pro Forma Financial Information

The Directors
Polypipe Group plc
Broomhouse Lane,
Edlington,
Doncaster,
South Yorkshire,
DN12 1ES

11 April 2014

Dear Sirs

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Section B of Part 11 of the Prospectus dated 11 April 2014 of Polypipe Group plc, which has been prepared on the basis described in Notes 1 to 6 of the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed refinancing and expenses arising from the Offer and the refinancing might have affected the financial information presented on the basis of the accounting policies adopted by Polypipe Group plc in preparing the financial statements for the year ended 31 December 2013. This report is required by item 7 of Annex II of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

Responsibilities

It is the responsibility of the directors of Polypipe Group plc to prepare the Pro Forma Financial Information in accordance with items 1 to 6 of Annex II of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Polypipe Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Polypipe Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Polypipe Group plc.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of this Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

PART 12
THE OFFER

Background

Pursuant to the Offer, approximately 119,999,899 Shares are expected to be sold by the Selling Shareholders. In addition, a further 11,999,989 Over-allotment Shares are being made available by Cavendish pursuant to the Over-allotment Option described below.

In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S and (ii) in the United States in accordance with Rule 144A under the US Securities Act only to qualified institutional buyers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Certain restrictions that apply to the distribution of this document and the Shares being issued and sold under the Offer in jurisdictions outside the United Kingdom are described below.

When admitted to trading, the Shares will be registered with ISIN number GB00BKRC5K31 and SEDOL number BKRC5K3.

Immediately following Admission, it is expected that in excess of 45.0% of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) assuming that no Over-allotment Shares are acquired pursuant to the Over-allotment Option (increasing to 51.0% if the maximum number of Over-allotment Shares are acquired pursuant to the Over-allotment Option).

Reasons for the Offer

The Directors believe that the Offer and Admission will:

(a) enhance the Group's public profile;

(b) provide a more efficient capital structure which will give the Company better operational and development flexibility;

(c) provide potential access to the capital markets to aid future growth and development if required;

(d) create a liquid market in the Shares for existing Shareholders;

(e) assist in the incentivisation and retention of key management and employees; and

(f) provide the Selling Shareholders with a partial realisation of their investment in the Company.

Allocation

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The Shares allocated under the Offer have been underwritten, subject to certain conditions, by the Underwriters as described in the paragraph headed "Underwriting Agreement" below and in paragraph 7 of Part 13 "Additional Information – Underwriting Agreement". Allocations under the Offer will be determined by the Company and Cavendish in consultation with the Joint Bookrunners. All Shares sold pursuant to the Offer will be sold at the Offer Price. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 13 of Part 13 "Additional Information – UK Taxation". Subject to the Joint Bookrunners determining allocations, there was no minimum or maximum number of Shares which could be applied for and multiple subscriptions by investors were permitted.

Dealing arrangements

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and the Underwriters. Further details of the Underwriting Agreement are described in paragraph 7 of Part 13 "Additional Information – Underwriting Agreement".

It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 16 April 2014. Settlement of dealings from that date will be on a three-day rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange on 11 April 2014. Dealings on the London Stock Exchange before

Admission will only be settled if Admission takes place. The earliest date for such settlement of such dealings will be 16 April 2014. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.**

Each investor will be required to undertake to pay the Offer Price for the Shares issued or sold to such investor in such manner as shall be directed by the Joint Bookrunners.

Application has been made to the FCA for all of the Shares to be admitted to the premium listing segment of the Official List. Application has also been made to the London Stock Exchange for the Shares to be admitted to trading on its main market for listed securities. The Shares are not listed or traded on, and no application has been or is being made for the admission of the Shares to listing or trading on, any other stock exchange or securities market.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Over-allotment and stabilisation

In connection with the Offer, Deutsche Bank AG, London Branch, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilising transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 10% of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, Cavendish has granted to the Stabilisation Manager the Over-allotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares up to a maximum of 10% of the Shares in the Offer at the Offer Price. The Over-allotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offer and will form a single class for all purposes with the other Shares.

For a discussion of certain stock lending arrangements entered into in connection with the Over-allotment Option, see paragraph 7 of Part 13 "Additional Information – Underwriting Agreement".

CREST

With effect from Admission, the Articles will permit the holding of Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. Settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

Underwriting Agreement

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure purchasers for the Shares to be sold by the Executive Directors and Cavendish in the Offer, or, failing which, themselves to purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any moneys received in respect of the Offer will be returned to applicants without interest. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the Shares sold and any Over-allotment Shares sold following exercise of the Over-allotment Option. Any commissions received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Further details of the terms of the Underwriting Agreement are set out in paragraph 7 of Part 13 "Additional Information – Underwriting Agreement". Certain selling and transfer restrictions are set out below.

Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of six months from the date of Admission, it will not, without the prior written consent of the Underwriters, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, except as a result of the exercise of the Over-allotment Option or pursuant to certain other customary exceptions, the Directors and Cavendish have agreed that they will not, and that they will procure that their connected persons will not, dispose of any Shares held by them for a period of 12 months from the date of Admission (or, in the case of Cavendish, six months), except in certain limited circumstances. The remaining Selling Shareholders have agreed that they will not dispose of any Shares held by them for a period of six months or, in the case Selling Shareholders who are senior employees, 12 months from the date of Admission.

Further details of these arrangements, which are contained in the Underwriting Agreement, are set out in paragraph 7 of Part 13 "Additional Information – Underwriting Agreement".

Selling Shareholders

The following table sets out the interests of the Selling Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholder), prior to Admission and the number of Shares such Selling Shareholders are selling in the Offer. The business address of each such Selling Shareholder is Polypipe Group plc, Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES (save for Cavendish which is at 26 New Street, St Helier, JE2 3RA, Jersey).

	Shares owned immediately prior to Admission		Shares to be sold in the Offer		Shares owned following Admission (assuming no exercise of Over-allotment Option)	
Selling Shareholder	No.	%	No.	%	No.	%
PRINCIPAL SHAREHOLDER						
Cavendish	131,857,485	65.9%	85,928,730	65.2%	45,928,755	23.0%
DIRECTORS AND SENIOR MANAGEMENT						
Alan Thomson	1,241,897	0.6%	620,948	50.0%	620,949	0.3%
Cameron McLellan	1,939,008	1.0%	969,504	50.0%	969,504	0.5%
David Hall	13,747,479	6.9%	6,873,739	50.0%	6,873,740	3.4%
Glen Sabin	2,607,774	1.3%	1,303,887	50.0%	1,303,887	0.7%
John Fairhurst	2,938,423	1.5%	1,469,211	50.0%	1,469,212	0.7%
Mark Hughes	1,774,199	0.9%	887,099	50.0%	887,100	0.4%
Paul Rice	7,814,456	3.9%	3,907,228	50.0%	3,907,228	2.0%
Peter Shepherd	6,954,074	3.5%	3,477,037	50.0%	3,477,037	1.7%
Simon Howard	—	—	—	—	—	—
Tony Morris	—	—	—	—	—	—
AGGREGATE OF REMAINING SELLING SHAREHOLDERS						
Remaining Selling Shareholders	29,125,067	14.6%	14,562,516	50.0%	14,562,551	7.3%
Total	**199,999,862**	**100.0%**	**119,999,899**	**60.0%**	**79,999,963**	**40.0%**

Selling restrictions

The distribution of this document and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "relevant member state") no Shares have been offered or will be offered pursuant to the Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that relevant member state at any time under the following exemptions under the Prospectus Directive, if they are implemented in that relevant member state:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100, or if the relevant member state has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Shares or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that relevant member state implementing Article 2(1)(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any Shares to the public" in relation to any Shares in any relevant member state means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Shares to be offered, so as to enable an investor to decide to acquire any Shares, as the same may be varied for that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Bookrunners, be permitted to acquire Shares in the Offer.

United States

The Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each subscriber or purchaser of Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

(a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (d) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

(b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

(c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

(d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("Corporations Act"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("ASIC"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly offered for purchase or sold, and no invitations to subscribe for, or buy, the Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Shares, each purchaser of Shares represents and warrants to the Company, the Selling Shareholders, the Underwriters and their affiliates that such purchaser is an Exempt Investor. As any offer of Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Shares each purchaser of Shares undertakes to the Company, the Selling Shareholders, the Underwriters that such purchaser will not, for a period of 12 months from the date of issue or purchase of the Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Canada

The offer and sale of the Shares in Canada will only be made in the Provinces of Ontario and Quèbec or to residents thereof and not in, or to the residents of, any other Province or Territory of Canada. Such offers and sales will be made only pursuant to a Canadian Offering Memorandum consisting of this Prospectus accompanied by a Canadian supplement.

Japan

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the "FIEL") and disclosure under the FIEL has not been, and will not be, made with respect to the Shares. Neither the Shares nor any interest therein may be offered, sold, resold, or otherwise transferred, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

South Africa

This Prospectus is not intended to be and does not constitute an offer for the sale of, or subscription for, or the solicitation of an offer to buy and subscribe for, securities to the public as defined in the South African Companies Act 2008 (Act No. 71 of 2008) (as amended) (the "Companies Act") and is not intended to be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of Chapter 4 of the Companies Act. The distribution of this Prospectus may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, such restrictions.

Due to restrictions under the securities laws of South Africa, the Shares are not offered, and the Offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

(a) the Offer, transfer, sale, renunciation or delivery is to: (i) an authorised financial services provider, as defined in the South African Financial Advisory and Intermediary Services Act, 37 of 2002; (ii) a financial institution, as defined in the South African Financial Services Board Act, 97 of 1990; (iii) the South African Public Investment Corporation as defined in the Public Investment Corporation Act, 23 of 2004; (iv) a person who deals with securities in their ordinary course of business; (v) a person or entity regulated by the Reserve Bank of South Africa; or (vi) a wholly-owned subsidiary of a person contemplated in subparagraph (i), (ii) or (v), acting as agent in the capacity of an authorised portfolio manager for a pension fund registered in terms of the South African Pension Funds Act, 24 of 1956, or as a manager for a collective investment scheme registered in terms of the South African Collective Investment Schemes Control Act, 45 of 2002;

(b) the contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than R1,000,000; or

(c) the Offer does not otherwise constitute an offer to the public in terms of the exemptions set out in section 96(1) of the Companies Act.

This Prospectus does not, nor is it intended to, constitute a prospectus prepared, filed and registered under and as defined in the Companies Act in South Africa.

Other Overseas territories

Investors in jurisdictions other than Australia, Canada, the European Economic Area, Japan, South Africa and the United States should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to purchase any Shares under the Offer.

The Company, Cavendish, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Terms and conditions of the Offer

These terms and conditions apply to investors agreeing to purchase Shares under the Offer. Each investor agrees with each of the Company, Cavendish and the Underwriters to be bound by these terms and conditions as being the terms and conditions under which the Shares will be sold under the Offer.

Agreement to acquire Shares

Conditional on (i) Admission occurring on or prior to 16 April 2014 (or such later date as the Joint Bookrunners (on behalf of the Underwriters) and the Company may agree), and (ii) the investor being allocated Shares, each investor agrees to become a member of the Company and agrees to acquire Shares at the Offer Price. To the fullest extent permitted by law, each investor acknowledges and agrees that it will not be entitled to exercise any rights to rescind or terminate or, subject to any statutory rights, to withdraw an application for Shares in the Offer, or otherwise to withdraw from, such commitment.

Payment for Shares

Each investor agrees to pay the Offer Price for the Shares acquired by such investor in such manner as shall be directed by the Joint Bookrunners (on behalf of the Underwriters). In the event of any failure by any investor to pay as so directed by the Joint Bookrunners, the relevant investor will be deemed thereby to have appointed the Joint Bookrunners or any nominee of the Joint Bookrunners to sell (in one or more transactions) any or all of the Shares in respect of which payment will not have been made as directed by the Joint Bookrunners and/or any relevant nominee of the Joint Bookrunners in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales.

Liability for UK stamp duty and SDRT is described in Part 13 "Additional Information" of this Prospectus.

Representations and warranties

Each investor and, in the case of sub-paragraphs (j) and (l) below, any person confirming an agreement to purchase Shares on behalf of an investor or authorising the Joint Bookrunners (on behalf of the Underwriters) to notify the investor's name to the Registrars, represents, warrants and acknowledges to each of the Company, Cavendish and the Underwriters that:

(a) the content of this document is exclusively the responsibility of the Company and the Directors and that neither Cavendish, the Underwriters nor any person acting on their behalf is responsible for or will have any liability for any information, representation or statement contained in this document or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by an investor to participate in the Offer based on any information, representation or statement contained in this document or otherwise;

(b) in agreeing to purchase Shares under the Offer, the investor is relying on this document and any supplementary prospectus that may be issued by the Company, and not on any other information or representation concerning the Group, Cavendish, the Shares or the Offer. Such investor agrees that none of the Company, Cavendish, the Underwriters nor any of their respective officers, partners or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation. This paragraph of this Part 12 "The Offer" will not exclude any liability for fraudulent misrepresentation;

(c) the Underwriters are not making any recommendations to investors or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Offer, and each investor acknowledges that participation in the Offer is on the basis that it is not and will not be a client of any of the Underwriters and that the Underwriters are acting for the Company and no one else, and they will not be responsible to anyone else for the protections afforded to their respective clients, and that the Underwriters will not be responsible to anyone other than the Company for providing advice in relation to the Offer, the contents of this document or any transaction, arrangements or other matters referred to herein, and the Underwriters will not be responsible to anyone other than the relevant party to the Underwriting Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting Agreement or for the exercise or performance of the Underwriters' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

(d) if the laws of any place outside the United Kingdom are applicable to the investor's agreement to purchase Shares, such investor has complied with all such laws and none of the Company, Cavendish or the Underwriters will infringe any laws outside the United Kingdom as a result of such investor's agreement to purchase Shares or any actions arising from such investor's rights and obligations under the investor's agreement to purchase Shares and under the Articles (and, in making this representation and warranty, the investor confirms that it is aware of the selling and transfer restrictions set out in this Part 12 "The Offer");

(e) it understands that no action has been or will be taken in any jurisdiction other than the United Kingdom and (to the extent required) the Channel Islands and the Isle of Man by the Company or any other person that would permit a public offering of the Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required;

(f) if the investor is in any EEA State which has implemented the Prospectus Directive it is: (a) a legal entity which is a qualified investor as defined under the Prospectus Directive; or (b) otherwise permitted by law to be offered and sold Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;

(g) the investor will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in Australia, Canada, Japan or South Africa or to any national, resident or citizen of Australia, Canada, Japan or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction and the investor acknowledges that the Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa and that the same are not being offered for subscription or sale, and may not, directly or indirectly, be offered, sold, transferred or delivered, in Australia, Canada, Japan or South Africa other than as may be permitted under the applicable law in the relevant jurisdiction;

(h) the investor is participating in the Offer in compliance with the selling and transfer restrictions set out in this Part 12 "The Offer", including the representations and acknowledgements contained therein. The investor acknowledges that the Shares have not been and will not be registered under the US Securities Act, or qualified for sale under the laws of any state of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The investor represents and warrants that it is, and at the time the Shares are acquired will be, either (i) a QIB or (ii) outside the United States and acquiring the Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S;

(i) the investor is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Shares or the agreement by it to acquire any Shares;

(j) in the case of a person who confirms to any Underwriter, on behalf of an investor, an agreement to purchase Shares and/or who authorises the Joint Bookrunners (on behalf of themselves and the other Underwriter) to notify the investor's name to the Registrars, that person represents and warrants that he, she or it has authority to do so on behalf of the investor;

(k) the investor has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (the "Regulations") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as required by the Regulations;

(l) the investor is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depositary receipts and clearance services);

(m) if the investor is in the United Kingdom, it is: (a) a person having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); or (b) a high net worth body corporate, unincorporated association or partnership or trustee of a high value trust as described in Article 49(2) of the Financial Promotion Order, or is otherwise a person to whom an invitation or inducement to engage in investment activity may be communicated without contravening section 21 of FSMA;

(n) if they are acquiring Shares as a fiduciary or agent for one or more investor accounts, they represent that they have sole investment discretion with respect to each such account and they have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(o) each investor in a relevant member state of the European Economic Area who acquires any Shares under the Offer contemplated hereby will be deemed to have represented, warranted and agreed with each of the Underwriters and the Company that:

(i) it is a qualified investor within the meaning of the law in that relevant member state implementing Article 2(1)(e) of the Prospectus Directive or is otherwise permitted to be sold or offered Shares in circumstances which do not require publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws; and

(ii) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the Shares acquired by it in the Offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Underwriters has been given to the offer or resale; or (y) where Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Shares in any relevant member states means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state; and

(p) in the case of a person who confirms to any Underwriter, on behalf of an investor which is an entity other than a natural person, an agreement to purchase Shares and/or who authorises the notification of such investor's name to the Registrars, that person warrants that he, she or it has authority to do so on behalf of the investor.

The Company, Cavendish and the Underwriters will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

Supply and disclosure of information

If the Company, Cavendish or the Joint Bookrunners (on behalf of the Underwriters) or any of their agents request any information about an investor's agreement to purchase Shares, such investor must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

Miscellaneous

(i) The rights and remedies of the Company, Cavendish and the Underwriters under these terms and conditions are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

(ii) On application, each investor may be asked to disclose, in writing or orally, to the Joint Bookrunners:

(a) if he or she is an individual, his or her nationality; or

(b) if he, she or it is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

(iii) All documents will be sent at the investor's risk. They may be sent by post to such investor at an address notified to the Joint Bookrunners (on behalf of the Underwriters).

(iv) Each investor agrees to be bound by the Articles (as amended from time to time) once the Shares which such purchaser has agreed to purchase have been issued or transferred to such investor.

(v) The Company and the Joint Bookrunners (on behalf of the Underwriters) expressly reserve the right to modify the Offer (including without limitation, its timetable and settlement) at any time before the Offer Price and allocation are determined.

(vi) The contract to purchase Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, English law. For the exclusive benefit of the Company, Cavendish and the Underwriters, each investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an investor in any other jurisdiction.

(vii) In the case of a joint agreement to purchase Shares, references to a purchaser in these terms and conditions are to each of such investors and any investor's liability is joint and several.

PART 13
ADDITIONAL INFORMATION

1. Incorporation and share capital

1.1 The Company was incorporated and registered in England and Wales on 19 January 2007 as a private company limited by shares under the Companies Act 1985 with the name Hamsard 3054 Limited and with the registered number 6059130.

1.2 On 21 March 2014, the Company changed its name from Hamsard 3054 Limited to Polypipe Group Limited and, on 28 March 2014, the Company was re-registered as a public limited company with the name Polypipe Group plc.

1.3 The Company is domiciled in the UK and its registered office and principal place of business is at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES and its telephone number is +44(0)1709 770000.

1.4 The business of the Company, and its principal activity, is to act as the ultimate holding company of the Group.

1.5 The principal legislation under which the Company operates and the shares have been created are the Act and regulations made thereunder. The Company operates in conformity with its constitution.

1.6 The Company was incorporated with an issued share capital of £1.00, comprising 1 ordinary share of £1.00, which was issued to the subscriber to the Company's memorandum of association. The following changes have occurred in the share capital of the Company since its incorporation:

1.6.1 on 14 August 2007, the 1 existing ordinary share in issue was sub-divided into 100 ordinary shares of £0.01 each and then subsequently redesignated as B ordinary shares of £0.01 each;

1.6.2 on 14 August 2007, the Company made the following issues of shares:

1.6.2.1 19,999,900 A ordinary shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.2.2 19,299,400 A preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.2.3 56,999,898 B ordinary shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.2.4 2,341,684,366 B preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.2.5 700,673 C ordinary shares of £0.01 each were issued for cash and were credited as fully paid; and

1.6.2.6 59,299,327 C preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.3 on 20 February 2008, 500,000 A ordinary shares of £0.01 each were redesignated as B ordinary shares of £0.01 each;

1.6.4 on 29 July 2009:

1.6.4.1 19,499,900 A ordinary shares of £0.01 each were redesignated as deferred shares of £0.01 each and sub-divided into 38,999,800 deferred shares of £0.005 each;

1.6.4.2 19,299,400 A preference shares of £0.01 each were redesignated as deferred shares of £0.01 each and sub-divided into 38,598,800 deferred shares of £0.005 each;

1.6.4.3 57,499,998 B ordinary shares of £0.01 each were sub-divided into 114,999,996 B ordinary shares of £0.005 each and were redesignated as 57,499,998 F ordinary shares of £0.005 and 57,499,998 B ordinary preference shares of £0.005 each;

1.6.4.4 2,341,684,366 B preference shares of £0.01 each were redesignated as A ordinary preference shares of £0.01 each;

1.6.4.5 700,673 C ordinary shares of £0.01 each were sub-divided into 1,401,346 C ordinary shares of £0.005 each and were redesignated as 700,673 F ordinary shares of £0.005 each and 700,673 B ordinary preference shares of £0.005 each; and

1.6.4.6 59,299,327 C preference shares of £0.01 each were redesignated as A ordinary preference shares of £0.01 each;

1.6.5 on 29 July 2009, the Company made the following issues of shares:

1.6.5.1 2,426,768,107 A ordinary preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.5.2 61,200,673 B ordinary preference shares of £0.005 each were issued for cash and were credited as fully paid;

1.6.5.3 15,290,607 D ordinary shares of £0.01 each were issued for cash and were credited as fully paid; and

1.6.5.3 1 E share of £1.00 was issued for cash and was credited as fully paid;

1.6.6 on 6 October 2010, the Company made the following issues of shares:

1.6.6.1 4,315,818,850 A ordinary preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.6.2 4,315,818,850 AA ordinary preference shares of £0.01 each were issued for cash and were credited as fully paid; and

1.6.6.3 6,978,531,700 AAA ordinary preference shares of £0.01 each were issued for cash and were credited as fully paid;

1.6.7 on 19 September 2011, the nominal value of each of the A ordinary preference shares, AA ordinary preference shares and AAA ordinary preference shares was reduced from £0.01 to £0.00001;

1.6.8 between 11 June 2012 and 19 June 2012, the Company made the following issues of shares:

1.6.8.1 25,784,414 A ordinary preference shares of £0.00001 each were issued for cash and were credited as fully paid;

1.6.8.2 1,700,000 B ordinary preference shares of £0.005 each were issued for cash and were credited as fully paid; and

1.6.8.3 1,700,000 F ordinary shares of £0.005 each were issued for cash and were credited as fully paid;

1.6.9 on 20 December 2013, the Company reduced its share premium account by £315,900,000 by using the solvency statement procedure referred to in section 641(1)(a) of the Act; and

1.6.10 on 26 March 2014, the Company issued 1,300,002 B ordinary preference shares and 1,300,002 F ordinary shares, to the Polypipe Employment Benefit Trust. Immediately prior to and conditional upon Admission, such shares shall be allocated and issued to certain employees of the Company.

1.7 As at 10 April 2014, being the latest practicable date prior to the publication of this Prospectus, the issued share capital of the Company was £1,663,547.22, comprising 9,169,355,064 A ordinary preference shares of £0.00001 each, 4,315,818,850 AA ordinary preference shares of £0.00001 each, 6,978,531,700 AAA ordinary preference shares of £0.00001 each, 122,401,346 B ordinary preference shares of £0.005 each, 15,290,607 D ordinary shares of £0.01 each, 1 E share of £1.00, 61,200,673 F ordinary shares of £0.005 each and 77,598,600 deferred shares of £0.005 each.

1.8 Immediately prior to Admission, the Company's share capital will be reorganised. The Share Capital Reorganisation will involve the following principal steps:

1.8.1 the following shares will each be converted into Shares and/or Deferred Shares:

1.8.1.1 9,169,355,064 A ordinary preference shares of £0.00001 each;

1.8.1.2 4,315,818,850 AA ordinary preference shares of £0.00001 each;

1.8.1.3 6,978,531,700 AAA ordinary preference shares of £0.00001 each;

1.8.1.4 122,401,346 B ordinary preference shares of £0.005 each;

1.8.1.5 15,290,607 D ordinary shares of £0.01 each;

1.8.1.6 1 E share of £1.00; and

1.8.1.7 61,200,673 F ordinary shares of £0.005 each; and

1.8.2 the Company will repurchase the Deferred Shares for the sum of £1 in aggregate payable to each seller of Deferred Shares and such Deferred Shares will be cancelled following Admission upon such transfer.

1.9 To give effect to the Company re-registering as a public company and changing its name, the Company resolved, by resolutions passed on 28 March 2014:

1.9.1 that the Company be re-registered as a public company; and

1.9.2 that the Pre-Admission Articles be adopted in substitution for, and to the exclusion of, the Former Articles.

1.10 By resolutions passed by the Company on 10 April 2014 it was resolved that:

1.10.1 immediately prior to Admission, the following shares representing the entire issued share capital of the Company will be consolidated and then sub-divided into Shares and/or Deferred Shares:

1.10.1.1 9,169,355,064 A ordinary preference shares of £0.00001 each;

1.10.1.2 4,315,818,850 AA ordinary preference shares of £0.00001 each;

1.10.1.3 6,978,531,700 AAA ordinary preference shares of £0.00001 each;

1.10.1.4 122,401,346 B ordinary preference shares of £0.005 each;

1.10.1.5 15,290,607 D ordinary shares of £0.01 each;

1.10.1.6 1 E share of £1.00; and

1.10.1.7 61,200,673 F ordinary shares of £0.005 each,

and allocated to the holders of such shares *pro rata* to their relevant holding of shares immediately prior to such consolidation and sub-division and the Directors shall be entitled to make such arrangements as they see fit to deal with any fractional entitlements to Shares and/or Deferred Shares as a result of such sub-division;

1.10.2 immediately prior to Admission, the Pre-Admission Articles be varied by:

1.10.2.1 the replacement of subsection (d) of the definition of Net Proceeds with: "(d) if the Exit Event is a Listing, the value of the Company (before any new money is raised) at the IPO price,"; and

1.10.2.2 the inclusion of the following new Article 3.3(aa) which states that: "In the event of an Exit Event which is a Listing, all of the shares in issue in the Company immediately prior to the Listing (other than any Deferred Shares) shall automatically be converted into such number of ordinary shares of £0.001 each ("New Ordinary Shares") and such number of Deferred Shares as would result in each holder of shares in the Company holding such number of New Ordinary Shares and Deferred Shares as would have a value equal to the value that such shareholder is entitled to receive in accordance with Article 3.3(a) (assuming for these purposes that the Deferred Shares have no value and the value of the New Ordinary Shares shall be ascertained by reference to the IPO price) (where, for the avoidance of doubt, the Net Proceeds shall be equal to the value of the Company (before any new money is raised) at the IPO price) and that the Directors be entitled to make such arrangements as they think fit to deal with any fractional entitlements to shares pursuant to the provisions of this Article 3.3(aa)); and

1.10.3 subject to and conditional upon Admission, the Articles, containing the rights and restrictions attaching to the Shares, be adopted in substitution for, and to the exclusion of, the Pre-Admission Articles;

1.11 By resolutions passed by the Company on 10 April 2014 it was resolved that, conditionally upon Admission:

1.11.1 the Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections

551(1)(a) and (b) of the Act up to an aggregate nominal amount of £66,666.62, to such persons and at such times and on such terms as they think proper during the period expiring at the earlier of 10 April 2019 or the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting);

1.11.2 the Directors are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to an aggregate nominal amount of £66,666.62, during the period expiring at the earlier of 10 April 2019 or the conclusion of the next annual general meeting of the Company subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

1.11.3 the Company is authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution,

so that all previous authorities of the Directors pursuant to the said section 551 are revoked;

1.11.4 the Directors are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by the resolutions at paragraphs 1.11.1, 1.11.2 and 1.11.3, as if section 561(1) and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution is limited to:

(a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities (but in the case of the authority granted under paragraph 1.11.2 by way of a rights issue only) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

(b) the allotment (otherwise than pursuant to paragraph 1.11.4(a) above) of equity securities up to an aggregate nominal value not exceeding £9,999.93,

such authority, unless renewed, to expire at the conclusion of the next annual general meeting of the Company following Admission but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offers or agreements as if such authority had not expired;

1.11.5 the Company is generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of Shares provided that:

(a) the maximum number of Shares authorised to be purchased is 19,999,986, representing 10% of the Company's issued ordinary share capital immediately following Admission;

(b) the minimum price (exclusive of expenses) which may be paid for each Share is the nominal amount thereof;

(c) the maximum price (exclusive of expenses) which may be paid for each Share shall be an amount equal to the higher of (i) 5% above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for a Share as derived from the trading venue where the purchase is carried out;

(d) the authority shall (unless previously renewed or revoked) expire on the conclusion of the next annual general meeting of the Company; and

(e) the Company may make a contract to purchase its own Shares under the authority conferred by the resolution in this paragraph 1.11.5 prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its Shares in pursuance of any such contract;

1.11.6 the terms of an agreement between the Company and all holders of Deferred Shares (other than Cavendish) for the purchase by the Company of all of the Deferred Shares held by such shareholders at Admission for a consideration of £1 per selling shareholder which is to be paid by the Company to a charity nominated by the Directors (the "Buyback Agreement") was approved and the Company was authorised to enter into the Buyback Agreement, provided that such authority shall (unless previously renewed or revoked) expire on 10 April 2019, or if earlier, at the conclusion of the Company's next annual general meeting;

1.11.7 the terms of an agreement between the Company and Cavendish for the purchase by the Company of all of the Deferred Shares held by Cavendish for a total consideration of £1 which is to be paid by the Company to a charity nominated by the Directors (the "Cavendish Buyback Agreement") was approved and the Company was authorised to enter into the Cavendish Buyback Agreement, provided that such authority shall (unless previously renewed or revoked) expire on 10 April 2019, or if earlier, at the conclusion of the Company's next annual general meeting;

1.11.8 the Company was authorised in accordance with the Articles, until the Company's next annual general meeting, to call general meetings on not less than 14 clear days' notice;

1.11.9 the Company (and any of its subsidiaries) at any time up to the earlier of 10 April 2019 or the conclusion of the next annual general meeting of the Company to be held in 2015, were authorised to:

(a) make political donations to any political party, political organisation or independent election candidates not exceeding £100,000 in total;

(b) incur political expenditure not exceeding £100,000 in total.

For the purposes of this authority the terms "political donation", "political parties", "political organisation", "independent election candidate" and "political expenditure" have the meanings given by sections 363 to 365 of the Act.

The Company notes that it is not its policy to make political donations and that it has no intention of using the authority for that purpose.

1.12 By resolutions passed by the Company at its annual general meeting on 10 April 2014 it was resolved that:

1.12.1 the Company's annual accounts for the year ended 31 December 2013, together with the Directors' report and the auditors' report on those accounts, be adopted;

1.12.2 Ernst & Young LLP be re-appointed as auditors to the Company until the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company in general meeting);

1.12.3 the Directors be authorised to fix the auditors' remuneration.

1.13 Immediately prior to the publication of this document, the issued share capital of the Company was £1,663,547.22, comprising 9,169,355,064 A ordinary preference shares of £0.00001 each, 4,315,818,850 AA ordinary preference shares of £0.00001 each, 6,978,531,700 AAA ordinary preference shares of £0.00001 each, 122,401,346 B ordinary preference shares of £0.005 each, 15,290,607 D ordinary shares of £0.01 each, 1, E share of £1.00, 61,200,673 F ordinary shares of £0.005 each and 77,598,600 deferred shares of £0.005 each. Immediately prior to the publication of this document, the Company held no treasury shares or convertible securities, exchangeable securities or securities with warrants. Immediately prior to Admission, the issued share capital of the Company is expected to be £0.20 million comprising 199,999,862 Shares of £0.001 each and 146,354,735,914 Deferred Shares of £0.00001 each (all of which will be fully paid or credited as fully paid, and free from all liens or any restriction on the right of transfer).

1.14 Save as disclosed above and in paragraph 5:

1.14.1 no share or loan capital of the Company has, within three years of the date of this document, been issued or agreed to be issued, or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash, to any person;

1.14.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

1.14.3 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option and the Company holds no treasury shares.

1.15 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act and the Articles (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions have been disapplied as referred to in paragraph 1.11.4 above.

1.16 The Shares have been and will be created under the Act and they conform with the law of England and Wales. The Shares have been and will be duly authorised according to the requirements of the Company's constitution and have and will have all necessary statutory and other consents.

2. Articles of Association

The Articles to be adopted with effect from Admission include provisions to the following effect:

2.1 Voting rights

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every holder of Shares who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every holder of Shares present in person or by proxy shall have one vote for every Share of which he is the holder.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice or 14 days where the shares represent 0.25% of their class), is served with a disenfranchisement notice. Such disentitlement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

The Deferred Shares do not carry a right to vote.

2.2 General meetings

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting; (iv) any intention to propose a resolution as a special resolution and (v) with reasonable prominence, that a member is entitled to attend and vote and is entitled to appoint one or more proxies to attend, speak and vote instead of him and that a proxy need not also be a member. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

2.3 Dividends and other distributions

Subject to the Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Shares the right to elect to receive additional Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25% by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 2.1 above.

The Deferred Shares do not carry a right to receive a dividend.

2.4 Return of capital

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

The Deferred Shares carry no rights to distributions on a winding up.

2.5 Transfer of shares

The Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as “Participating Securities”. Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate (“Certificated Shares”) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may also refuse to register a transfer unless:

2.5.1 in the case of a Certificated Share, the instrument of transfer (duly stamped if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;

2.5.2 in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and

2.5.3 in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25% by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 2.8 below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

2.5.4 a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;

2.5.5 a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or

2.5.6 a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

2.6 Variation of rights

Subject to the Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking pari passu therewith or subsequent thereto.

2.7 Share capital and changes in capital

Subject to and in accordance with the provisions of the Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

2.8 Disclosure of interests in shares

Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25% of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Act.

2.9 Non-UK shareholders

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

2.10 Untraced shareholders

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

2.11 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Group (excluding any money owed between members of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

2.12 Directors

Subject to the Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

2.12.1 the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;

2.12.2 the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

2.12.3 any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;

2.12.4 any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

2.12.5 any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and

2.12.6 any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £600,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Act. Subject to sections 205(2) to (4) of the Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than nine in number.

2.13 Redemption

The Shares are not redeemable. The Deferred Shares may be repurchased by the Company for an aggregate consideration of £1.00 per Selling Shareholder.

2.14 Electronic Communications

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

3. Directors' and Senior Management's interests

3.1 The Directors and members of the Senior Management, their functions within the Group and brief biographies are set out in Part 7 "Directors, Senior Management and Corporate Governance".

3.2 Each of the Directors can be contacted at the Company's head office address at Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

3.3 The interests in the share capital of the Company of the Directors and Senior Management (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a member of Senior Management) as at 10 April 2014 (the latest practicable date prior to printing of this document) were, and immediately following Admission are expected to be, as follows:

Director / Member of Senior Management	Number of Shares in which the Director/member of Senior Management has a direct or indirect interest immediately prior to Admission	Percentage of existing issued share capital (%)	Number of Shares immediately following Admission	Percentage of issued Share capital immediately following Admission (%)
Alan Thomson	1,241,897	0.6%	620,949	0.3%
David Hall	13,747,479	6.9%	6,873,740	3.4%
Peter Shepherd	6,954,074	3.5%	3,477,037	1.7%
Mark Hammond	—	—	—	—
Ron Marsh	—	—	—	—
Paul Dean	—	—	—	—
Moni Mannings	—	—	—	—
Paul Rice	7,814,456	3.9%	3,907,228	2.0%
Glen Sabin	2,607,774	1.3%	1,303,887	0.7%
Mark Hughes	1,774,199	0.9%	887,100	0.4%
Simon Howard	—	—	—	—
Tony Morris	—	—	—	—
Cameron McLellan	1,939,008	1.0%	969,504	0.5%
John Fairhurst	2,938,423	1.5%	1,469,212	0.7%

3.4 In so far as is known to the Directors, they are aware of the following interest (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represents, or will at Admission represent, directly or indirectly, 3% or more of the issued Shares:

Shareholders	Number of Shares held immediately prior to Admission	Percentage of existing issued Share capital (%)	Number of Shares immediately following Admission	Percentage of issued Share capital immediately following Admission (%)	Number of Shares assuming full exercise of the Over-allotment Option	Percentage of issued Share capital assuming full exercise of the Over-allotment Option (%)
Cavendish	131,857,485	65.9%	45,928,755	23.0%	33,928,766	17.0%
Blackrock Advisors LLC	—	—	17,500,000	8.8%	17,500,000	8.8%
Cantillon Capital Management	—	—	16,000,000	8.0%	16,000,000	8.0%
Schroder Investment Management	—	—	11,000,000	5.5%	11,000,000	5.5%
UBS Global A/M (UK) Ltd	—	—	9,000,000	4.5%	9,000,000	4.5%
Standard Life Investments Limited	—	—	8,500,000	4.3%	8,500,000	4.3%
Columbia Wanger Asset Management	—	—	8,350,000	4.2%	8,350,000	4.2%
Danske Bank AS	—	—	7,000,000	3.5%	7,000,000	3.5%
Insight Investment Management (Global)	—	—	6,500,000	3.3%	6,500,000	3.3%

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in 3% or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

3.5 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

3.6 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

4. Directors and Senior Management

4.1 **Directors' terms of employment**

On 28 March 2014, both of the Executive Directors entered into a new service agreement with the Company and each of the Non-Executive Directors entered into letters of appointment with the Company. The new service agreements and the Proposed Director's letter of appointment are conditional on, and become effective from, Admission.

4.2. **Executive Compensation**

4.2.1 David Hall is employed as Group Chief Executive Officer. Mr. Hall will receive an annual salary of £425,000. Peter Shepherd is employed as Group Chief Financial Officer. Mr. Shepherd will receive an annual salary of £275,000.

4.2.2 Executive Directors' salaries will be reviewed, but not necessarily increased on an annual basis. The Executive Directors will receive the following benefits under the terms of their service agreements:

(a) a contribution to a personal pension scheme/ the Group Pension Plan and/or as a cash allowance worth 20% of salary;

(b) eligibility to participate in an annual bonus plan which shall be determined on an annual basis by the Remuneration Committee;

(c) eligibility to participate, at the discretion of the Remuneration Committee, in any employee share plan operated by the Company;

(d) Mr. Hall and Mr. Shepherd will receive an annual car allowance of £16,000 (plus fuel allowance of £6,580) and £9,500 (plus fuel allowance of £6,420) respectively (payable in monthly installments); and

(e) entitlement to life assurance of four times annual salary and to participate in a private medical cover scheme (which includes cover for spouses and dependents).

4.2.3 Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation, non-dealing and non-hiring restrictive covenants for a period of between six and 12 months after the termination of their respective employments arrangements.

4.2.4 Each of the Executive Directors has the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

4.3 **Non-Executive Directors**

4.3.1 The appointments of each of the Non-Executive Directors commenced on 28 March 2014 (save for Alan Thomson which commenced on 16 October 2007 and the Proposed Director which will commence with effect from Admission) and are subject to re-election when appropriate by the Company in general meeting.

4.3.2 Alan Thomson was appointed Non-Executive Chairman of the Group on 16 October 2007. Alan Thomson's annual fee is £130,000.

4.3.3 Each of Ron Marsh, Paul Dean and Moni Mannings will receive an annual fee of £42,000. Paul Dean and Moni Mannings are each entitled to an additional annual fee of £8,000 as Chairman of the Audit and Remuneration Committee respectively. Ron Marsh is entitled to an additional annual fee of £10,000 as Senior Independent Non-Executive Director.

4.3.4 With effect from Admission, Mark Hammond will be appointed to the Board by Cavendish pursuant to the terms of the Relationship Agreement. Mr. Hammond is entitled to receive the basic Non-Executive Director annual fee of £42,000, which will be paid to Cavendish Square Partners Limited Partnership.

4.3.5 Each Non-Executive Director is also entitled to reimbursement of reasonable expenses.

4.3.6 The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's share, bonus or pension schemes.

4.3.7 The Non-Executive Directors are subject to confidentiality undertakings without limitation in time. They are also subject to non-compete restrictive covenants for the duration of their appointments and for between six and 12 months after the termination of their appointments.

4.4 Save as set out in paragraph 4.1 above, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

4.5 Each of the Non-Executive Directors has the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

4.6 Executive Directors' and Senior Management's Remuneration

Under the terms of their then service agreements, in the year ended 31 December 2013, the aggregate remuneration and benefits to the then executive directors of the Company and the senior management of the Group who served during the year ended 31 December 2013, consisting of 8 individuals, was £2.3 million.

Under the terms of their service agreements and applicable incentive plans, in the year ended 31 December 2013, the Executive Directors and the Chairman of the Company were remunerated as set out below:

Name	Position	Annual Salary (£)	Other Benefits (including annual bonus but excluding pension contributions) (£)	Date of Joining the Group
Alan Matthew Thomson	Chairman	40,000	—	16 October 2007
David Graham Hall	Chief Executive Officer	227,405	450,729	3 September 2005
Peter David Shepherd	Chief Financial Officer	170,556	301,048	18 January 2006

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4.7 Remuneration Strategy

Overview

The Company's remuneration strategy is to provide pay packages that will:

(a) motivate and retain industry leading employees;

(b) attract high quality individuals to join the Company;

(c) encourage and support a high performance culture;

(d) reward delivery of the Group's business plan and key strategic goals;

(e) align employees with the interests of shareholders and other external stakeholders.

Consistent with the remuneration strategy, the Remuneration Committee has agreed a post Admission remuneration policy for Senior Management, including Directors, whereby:

(a) salaries will be set at competitive, but not excessive, levels compared to peers and other companies of an equivalent size and complexity;

(b) performance-related pay, based on stretching targets, will form a significant part of remuneration packages;

(c) there will be an appropriate balance between rewards for delivery of short-term and longer-term performance targets.

The remuneration framework intended to deliver this policy post Admission for Senior Management, including Directors (other than the Non-Executive Directors), will be a combination of base salary, benefits, an annual incentive award (as described below) and awards under the LTIP (as defined and described in paragraphs 5.2 and 5.3 of Part 13).

Senior Management, including Directors (other than the Non-Executive Directors), will be eligible to participate in SAYE (as defined and described in paragraphs 5.2 and 5.6 of Part 13) on the same terms as other Group employees.

Executive Directors will be subject to Share Ownership Guidelines that will require them to build up and retain a holding of Shares worth 100% of their salary within a period of five years of Admission or, if later, within five years of the individual Executive Director becoming subject to the Guidelines.

The Company will be required to submit its remuneration policy (as it relates to the Directors) to a binding vote of Shareholders at the Company's 2015 annual general meeting. Accordingly, the Company will outline its future policy relating to the Directors' remuneration in its report and accounts for its financial year ending 31 December 2014.

Annual incentive awards

Annual incentive awards for Senior Management, including Executive Directors, for the financial year ending 31 December 2014 will be determined by a combination of performance against Group profit and Group cash flow targets and performance measures appropriate to an individual's role.

The maximum annual incentive opportunity for the financial year ending 31 December 2014 will be 125% of salary for the Group Chief Executive Officer and 100% of salary for the Group Chief Financial Officer.

25% of any annual incentive earned by the Executive Directors for the financial year ending 31 December 2014 will be deferred into awards over Shares under DBSP which is defined and summarised in paragraphs 5.2 and 5.3 of Part 13 with such awards vesting half after two years post grant and half after three years post grant.

In the event that a material misstatement or miscalculation subsequently comes to light which resulted in an overpayment under the annual incentive plan or if evidence comes to light of material misconduct by an individual or if evidence emerges of a material health & safety breach, then the Remuneration Committee has the flexibility to withhold the value of awards granted under the DBSP and/or to require repayment of an appropriate portion of the annual incentive award in respect of the relevant bonus year.

4.8 Directors' and Senior Management's current and past directorships and partnerships

Set out below are the directorships (unless otherwise stated) and partnerships held by the Directors and members of Senior Management (other than, where applicable, directorships held in the Company and/or in any subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships / partnerships	Past directorships / partnerships
Alan Matthew Thomson	Bodycote plc Hays plc Alstom S.A. HSBC Bank plc Cobalt Data Centre 2 LLP	Johnson Matthey plc
David Graham Hall	Construction Products Association	Reigate Grammar School
Peter David Shepherd	Seeley's Management Limited	Timoleon Limited
Paul Rice	None	None
Mark Hammond	Caird Capital I GP Limited Caird Capital LLP (member) Cavendish Security Trustee Limited Caird Capital Limited The Big Green Parcel Holding Company Limited Caird Capital Sackville GP LLP (member) Cavendish Square Partners (General Partner) Limited (alternate director)	Uberior Equity Limited BOS Edinburgh No1 Limited Uberior Fund Manager Limited Uberior Infrastructure Investments (Southmead) Limited Bosemp GP Limited Uberior ISAF CIP Nominee Limited David Lloyd Leisure Group Limited
Ron Marsh	British Polythene Industries plc The Packaging Federation ApS X of 1 February 2014 R. Færch Plast A/S	RPC Group plc
Paul Dean	Porvair plc Deanedge Limited Volunteer Reading Help	Ultra Electronics Holdings plc Rio Tinto Diamonds Limited

Name	Current directorships / partnerships	Past directorships / partnerships
Moni Mannings	Olswang LLP Olswang Asia LLP Olswang France LLP Olswang Spain LLP Solicitors Regulation Authority Cranfield University BFWG Charitable Foundation	None
Glen Sabin	None	None
Mark Hughes	None	None
Simon Howard		Mumford & Wood Limited Arcolectric Limited Arcolectric 59 Limited Arcolectric 61 Limited Elektron Limited Elektron Technology UK Limited Elektron Trustees Limited Elektron Components Corporation
Tony Morris	None	None
Cameron McLellan	Engineering Employers Federation Limited	None
John Fairhurst	None	None

4.8.1 Within the period of five years preceding the date of this document, none of the Directors or members of Senior Management:

(a) has had any convictions in relation to fraudulent offences;

(b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

5. Employee share plans

5.1 Share incentive arrangements prior to Admission

5.1.1 The employee share incentive arrangement operated by the Company prior to Admission is an offshore employee benefit trust used to accumulate shares in the capital of the Company acquired from leavers prior to the transfer of such shares to existing employees or new joiners.

5.1.2 The employee benefit trust (the "Polypipe Employee Benefit Trust") was established by a trust deed between the Company and Ogier Employee Benefit Trustee Limited (the "Trustee") and adopted by the Company on 31 October 2007 (the "Trust Deed"). The Trust Deed provides that (among other things):

(a) the beneficiaries of the Polypipe Employee Benefit Trust are, broadly, employees and former employees of the Group, together with certain family members of such employees and former employees;

(b) the Trustee has broad powers which include the power to acquire, hold and sell shares in the capital of the Company; and

(c) the Company indemnifies the Trustee for all costs and liabilities in connection with the Polypipe Employee Benefit Trust, save for any costs and liabilities arising from fraud or neglect.

The Polypipe Employee Benefit Trust holds in aggregate 13,912,363 A ordinary preference shares, 360,962 B ordinary preference shares and 360,962 F ordinary shares (the "EBT Shares"). The Trustee holds legal and beneficial title to the EBT Shares and no informal allocations or similar have been made in respect of the EBT Shares The Polypipe Employee Benefit Trust has no other assets or liabilities. The EBT Shares shall, immediately prior to Admission, be transferred to certain management of the Company.

For the year ended 31 December 2013, interest bearing loans were provided to certain employees within the Group of £280,833.75 and €49,400 in aggregate, in connection with the acquisition of shares in the capital of the Company.

5.2 **Proposed share incentive arrangements following Admission**

Following Admission, the Company intends to operate the following employee share plans, a Long-Term Incentive Plan ("LTIP"), a Deferred Share Bonus Plan ("DSBP" with the LTIP, the "Executive Plans"), the Share Incentive Plan ("SIP") and a Sharesave Plan ("SAYE") (together the "Plans), all of which were adopted by the Remuneration Committee on 10 April 2014, subject to Admission.

The principal features of these Plans are summarised below.

5.3 **LTIP**

5.3.1 The Board intends to make awards under the LTIP ("LTIP Awards") to Executive Directors and other Senior Management as soon as practicable after Admission. LTIP Awards may also be made to other eligible employees when permitted under the LTIP rules.

5.3.2 LTIP Awards will not be granted to a participant in respect of any financial year of the Company over Shares with a market value (as determined by the Board) in excess of 200% of salary. Initial LTIP Awards to David Hall and Peter Shepherd will be made in respect of Shares with a value of 100% of salary.

5.3.3 LTIP Awards will usually be subject to the satisfaction of one or more performance conditions over a performance period (normally at least three years) which will determine the proportion (if any) of the LTIP Award to vest. LTIP Awards granted to Executive Directors must be subject to a performance condition. At the discretion of the Board, an additional holding period after the end of the performance period may also apply to LTIP Awards before they vest. The initial LTIP Awards to David Hall and Peter Shepherd will be subject to a three year performance period and an additional holding period, which will end on the fifth anniversary of the grant date.

5.3.4 The initial LTIP Awards will be subject to performance conditions measuring the Company's earnings per share ("EPS"), return on capital employed ("ROCE") and total shareholder return ("TSR`) performance, as follows:

(a) one-third of these initial LTIP Awards will be subject to a performance condition relating to the growth in the Company's EPS over a performance period of three financial years;

(b) one-third of these initial LTIP Awards will be subject to a performance condition relating to the Company's average ROCE over a performance period of three financial years; and

(c) the remaining one-third of the initial LTIP Awards will be subject to a condition measuring the Company's TSR performance over a three year period.

5.3.5 Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy.

5.3.6 The Board may, in its absolute discretion, determine at any time prior to the vesting of a LTIP Award to:

(a) reduce the number of Shares to which any subsisting or future LTIP Award relates;

(b) cancel an LTIP Award; or

(c) impose further conditions on an LTIP Award

in circumstances in which the Board considers such action is appropriate. Such circumstances include, but are not limited to:

(a) a material misstatement of the Company's audited financial results;

(b) a material breach of any applicable health and safety regulations by the Company, any member of the Group or a relevant business unit;

(c) a material miscalculation of any performance measure; or

(d) the participant's material misconduct.

5.3.7 LTIP Awards will normally vest as soon as practicable after the end of any performance period, or if applicable, holding period and then only to the extent that any performance condition has been satisfied. Nil-Cost Options will then be exercisable until the tenth anniversary of the grant date.

5.3.8 If a participant ceases to be employed by the Group by reason of death, ill-health, injury, disability, the sale of the entity that employs him out of the Group or for any other reason at the Board's discretion (except where a participant is summarily dismissed), unvested LTIP Awards will usually continue until the normal vesting date, unless the Board determines that the Award will vest earlier.

5.3.9 The Board will decide the extent to which an unvested LTIP Award vests in these circumstances, taking account of the extent to which any performance condition is satisfied at the end of the performance period or, as appropriate, at the date on which the participant ceases to be employed by the Group. Unless the Board in its discretion determines otherwise, the period that has elapsed from the date on which the Award was granted until the date on which the participant ceases to be employed by the Group (or if the event occurs during an applicable holding period, to the beginning of the holding period if the Board so determines) will also be taken into account.

5.3.10 If a participant ceases employment with the Group in any other circumstances an Award (whether vested or not vested) will lapse on the date on which the participant ceases employment.

5.3.11 Where Awards vest in these circumstances, Nil-Cost Options will normally be exercisable for a period of up to twelve months after vesting.

5.3.12 If a participant ceases to be an officer or employee of the Group for one of these "good leaver" reasons whilst holding vested Nil-Cost Options, he will normally have six months from his cessation of office or employment to exercise those Nil-Cost Options.

5.4 DSBP

5.4.1 A proportion of bonus may, at the discretion of the Board, be deferred into an award over Shares granted under the DSBP ("Bonus Awards"). When calculating this deferral, the Board will normally assume deferral on a gross basis (unless it considers in the circumstances that net deferral is more appropriate) and shall determine the appropriate market value of the Shares to be made subject to Bonus Awards.

5.4.2 Initial Bonus Awards will be made to Executive Directors and other Senior Management in 2015 in respect of 25 per cent of any bonuses earned in 2014 under any of the Company's annual bonus arrangements.

5.4.3 The Board may, in its absolute discretion, determine that at any time prior to vesting, to:

(a) reduce the number of Shares to which any subsisting Bonus Award relates;

(b) cancel a Bonus Award;

(c) impose further conditions on a Bonus Award,

in circumstances in which the Board considers such action is appropriate.

5.4.4 Such circumstances include, but are not limited to:

(a) a material misstatement or miscalculation of the Company's audited financial results;

(b) a material breach of any applicable health and safety regulations by the Company, any member of the Group or a relevant business unit;

(c) a material miscalculation of any performance measure; or

(d) the participant's material misconduct

relating to the Financial Year in respect of which the bonus was earned.

5.4.5 50 per cent of the Bonus Awards will normally vest on the second anniversary of the grant date and 50 per cent on the third anniversary of the grant date (or on such later dates as the Board determines). Nil-Cost Options will then be exercisable until the tenth anniversary of the grant date.

5.4.6 If a participant ceases employment for any reason, a Bonus Award will usually vest in full at the date of cessation, unless the Board determines otherwise, for example if the participant joins a competitor, or is summarily dismissed.

5.5 Common terms of the Executive Plans

5.5.1 Any employee (including an Executive Director) of the Company or any employee of its subsidiaries will be eligible to participate in the Executive Plans at the discretion of the Board.

5.5.2 Awards under the Plans may be made in the form of:

(a) a conditional right to acquire Shares at no cost to the participant ("Conditional Award");

(b) an option to acquire Shares at no cost to the participant ("Nil-Cost Option"); or

(c) in respect of the LTIP, a right to acquire a cash amount which relates to the value of a certain number of notional Ordinary Shares ("Cash Award"), and

(d) Conditional Awards, Nil-Cost Options and Cash Awards are together referred to as "Awards" and each an "Award", as appropriate.

5.5.3 Awards may only be granted within the six week period following Admission, the announcement of the Company's results for any period, or on any day on which the Board determines that exceptional circumstances exist, unless the grant of Awards is restricted, in which case Awards will be granted within six weeks of the day on which a restriction on the grant of Awards is lifted.

5.5.4 Awards are not transferable (other than on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.

5.5.5 The Board may determine that the number of Shares to which a participant's Award relates will increase to take account of dividends paid on vested Shares from the grant date until the date of vesting, on such terms as it determines. The Board may determine that the participant will receive the cash equivalent of the additional Shares.

5.5.6 Awards may be granted over newly issued Shares, Shares held in treasury or Shares purchased in the market.

5.5.7 At any time before the point at which an Award (which is not a Cash Award) has vested, or a Nil-Cost Option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares he would otherwise have received.

5.5.8 The Executive Plans are subject to the following overall limits:

(a) in any ten year period, the number of Shares which may be issued under the Plans and under any other discretionary share plan adopted by the Company may not exceed 5% of the issued ordinary share capital of the Company from time to time; and

(b) in any ten year period, the number of Shares which may be issued under the Plans and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

5.5.9 Shares held in treasury will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

5.5.10 Shares issued or committed to be issued to satisfy any awards granted prior to Admission will not count towards these limits.

5.5.11 In the event of a change of control of the Company, Awards will vest as soon as practicable after such event.

5.5.12 The number of Shares in respect of which an LTIP Award will vest will be determined by the Board in its discretion, taking into account the extent to which any performance condition has been satisfied and, unless the Board determines otherwise, the period of time from the grant date to the date of the relevant event (or if the event occurs during an applicable holding period, to the beginning of the holding period, if the Board so determines). Bonus Awards will vest in full. Nil-Cost Options will then be exercisable for a period of one month.

5.5.13 Alternatively, the Board may permit or, in the case of an internal reorganisation or if the Board so determines, require Awards to be exchanged for equivalent awards which relate to shares in a different company.

5.5.14 If other corporate events occur such as a demerger, delisting, special dividend or other event which, in the opinion of the Board may affect the current or future value of Shares, the Board may determine that Awards will vest. LTIP Awards will vest subject to the satisfaction of any performance condition and, unless the Board determines otherwise, pro-rating to reflect the period of time from the grant date to the date of the relevant event (or if the event occurs during an applicable holding period, to the beginning of the holding period, if the Board so determines). Bonus Awards will vest in full. Nil-Cost Options will then be exercisable for a period of one month.

5.5.15 In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Board's opinion, affect the current or future value of Shares, the number of Shares subject to an Award (and/or in respect of the LTIP Awards, any performance condition attached to the LTIP Awards) may be adjusted.

5.5.16 The Board may amend the Executive Plans at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an Award and any adjustment made in respect of a variation of capital.

5.5.17 However, any minor amendment to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval. No amendment may be made to the material disadvantage of participants in the Executive Plans unless consent is sought from the affected participants and given by a majority of them, except in respect of any performance condition.

5.5.18 The Board may establish further plans based on the Plans but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such further plans are treated as counting against the limits on individual or overall participation in the Plan.

5.5.19 The Executive Plans will usually terminate on the tenth anniversary of their adoption but the rights of existing participants will not be affected by any termination.

5.5.20 Participation in the Executive Plans does not form part of the terms of a participant's contract of employment and participants have no rights in respect of Plan benefits.

5.5.21 The Executive Plans will be governed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the Courts of England and Wales.

5.6 SAYE

5.6.1 The SAYE is a tax-advantaged "all-employee" share option plan, the operation of which will be supervised by the Board.

5.6.2 Under the SAYE, the Board may invite all eligible employees to apply for options over a number of Shares ("Options"). As part of the application process, employees must enter into a savings contract under which they agree to save up to £500 per month (or such other limit as may be permitted by the tax legislation governing the SAYE from time to time) for three or five years (a "Sharesave Contract"). Options must be granted on the same terms to all eligible employees.

5.6.3 The number of Shares over which an Option is granted will be determined by the Board at the grant date to reflect the amount that each employee has agreed to save under his Sharesave Contract. The option price for the Options will be set by the Board and will not be less than 80% of the market value of a Share when the invitation to apply for Options is issued or on such other date as determined by the Board. Invitations will be made within the six week period following the announcement of the Company's results for any period, the announcement or coming into force of changes to the legislation affecting HMRC-approved share option schemes or a new Sharesave Contract or when the Board determines that exceptional circumstances exist, unless the issue of invitations is restricted at that time, in which case invitations may be issued within six weeks of that restriction being lifted. To exercise an Option, the participant uses the proceeds of his Sharesave contract.

5.6.4 No Options may be granted more than 10 years after the date when the SAYE was adopted.

5.6.5 All employees of the Company and any designated participating subsidiary of the Company who are UK-resident taxpayers must be offered the opportunity to participate in the SAYE. Other employees may be permitted to participate at the Board's discretion. Employees invited to participate may be required to have completed a minimum qualifying period of service before they can participate (of up to five years).

5.6.6 Ordinarily, an Option may be exercised within six months of the maturity of the related Sharesave Contract. Earlier exercise is permitted if an employee ceases to be employed by the Group by reason of injury, disability, redundancy, the transfer of the employee's employing business or company out of the Group, retirement or on death ("Permitted Reasons").

5.6.7 In addition, an employee can also exercise his Option if he ceases to be employed by the Group more than three years after his Option was granted (except where he has been summarily dismissed) for six months following such cessation (for example, where the employee is saving under a five year Savings Contract and ceases to be employed by the Group more than three years after his related Option was granted).

5.6.8 If there is a change of control or a voluntary winding-up of the Company, Options may be exercised within a period of up to six months of the occurrence of that event. In the event of an internal reorganisation, Options may be replaced by equivalent options over shares in a new holding company.

5.6.9 In the event of a variation of the Company's share capital, the number of Shares subject to an option and the option price may be adjusted by the Board.

5.6.10 Options granted under the SAYE are not transferable other than to a participant's personal representatives in the event of his death. Options will not form part of pensionable earnings.

5.6.11 The SAYE may operate over new issue Shares, Shares held in treasury or Shares purchased in the market.

5.6.12 In any ten year period, the number of Shares which may be issued in respect of Options granted under the SAYE and under any other employees' share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

5.6.13 Shares held in treasury will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise. Shares issued or committed to be issued to satisfy any awards granted prior to Admission or Shares purchased in the market to satisfy awards will not count towards this limit.

5.6.14 The Board may amend the SAYE at any time, provided that the prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares provided under the SAYE and adjustments that may be made in the event of any variation to the share capital of the Company.

5.6.15 However, any minor amendment to benefit the administration of the SAYE, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval.

5.6.16 The Board may establish further plans based on the SAYE but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such further plans are treated as counting against the limits on individual or overall participation in the SAYE.

5.6.17 Participation in the SAYE does not form part of the terms of a participant's contract of employment and participants have no rights in respect of plan benefits.

5.6.18 The SAYE will be governed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the Courts of England and Wales.

5.7 SIP

5.7.1 The SIP is a tax-advantaged "all-employee" share ownership plan, the operation of which will be supervised by the Board.

5.7.2 Under the SIP, the Board may:

(a) give Shares to eligible employees for free ("Free Shares");

(b) offer eligible employees the opportunity of using their pre-tax salary to buy Shares ("Partnership Shares");

(c) give eligible employees additional free Shares ("Matching Shares") in proportion to Partnership Shares bought; and/or

(d) allow or require eligible employees to reinvest any dividends received on Shares held in the SIP in further Shares ("Dividend Shares").

However, no SIP awards may be granted more than 10 years after the date when the SIP is adopted.

5.7.3 Each time that the Board decides to make awards under the SIP, all employees of the Company and any designated participating subsidiary of the Company who are UK-resident taxpayers must be offered the opportunity to participate. Other employees may be permitted to participate at the Board's discretion. Employees invited to participate may be required to have completed a minimum qualifying period of service before they can participate (of up to 18 months).

5.7.4 The maximum value of Free Shares which an eligible employee may receive in a tax year may not exceed £3,600 (or such other limit as may be permitted by the tax legislation governing the SIP from time to time). Free Shares must be awarded on the same terms to all eligible employees. The number awarded to each employee can, however, be determined by reference to the employee's remuneration, length of service or number of hours worked and/or objective performance criteria. The award of Free Shares can, if the Company so chooses, be subject to the satisfaction of a pre-award performance target which measures the objective success of the individual, team, division or business.

5.7.5 When granting Free Shares, the Board will specify a holding period (of between three and five years) during which the employee cannot normally withdraw the Free Shares from the SIP unless he ceases to be employed by the Group.

5.7.6 The Board can, at its discretion, also provide that the Free Shares will be forfeited if the employee ceases to be employed by the Group, within a period of up to three years of the award of Free Shares, for any reason other than injury, disability, redundancy, the transfer of the employee's employing business or company out of the Group, retirement or on death ("Permitted Reasons").

5.7.7 The Board may allow employees to use their pre-tax salary to buy Partnership Shares. The maximum amount that an eligible employee can use to acquire Partnership Shares is the lower of £1,800 and 10% of the individual's pre-tax salary in any tax year (or such other limit as may be permitted by the tax legislation governing the SIP from time to time). Any minimum deduction cannot be greater than £10. The salary allocated to acquire Partnership Shares can be accumulated for a period of up to 12 months (the "Accumulation Period") or Partnership Shares can be purchased out of deductions from the employee's pre-tax salary when those deductions are made. In either case, Partnership Shares must be bought within 30 days of either the end of the Accumulation Period or the deduction from pay, as appropriate.

5.7.8 An employee may stop and start (or, with the agreement of the Company, vary) salary deductions at any time. Once acquired, Partnership Shares may be withdrawn from the SIP by the employee at any time (subject to the payment of any applicable income tax and national insurance contributions) and will not be capable of forfeiture.

5.7.9 The Board may award Matching Shares for free to all employees who have purchased Partnership Shares. The Board may award up to a maximum of two Matching Shares for every Partnership Share purchased (or such other limit as may be permitted by the tax legislation governing the SIP from time to time). When granting Matching Shares, the Board will specify a holding period (of between three and five years) during which the employee cannot normally withdraw the Matching Shares from the SIP unless he ceases to be employed by the Group.

5.7.10 The Board can, at its discretion, provide that the Matching Shares will be forfeited if, within a period of up to three years of the award of the Matching Shares, the associated Partnership Shares are withdrawn by the employee (other than on a corporate event or where the employee ceases to be employed by the Group for a Permitted Reason).

5.7.11 The Board may allow an employee to reinvest dividends paid on Shares held in the SIP in Dividend Shares. Dividend Shares must be held for three years, unless the employee ceases to be employed by the Group. Once acquired, Dividend Shares are not capable of forfeiture. There is no limit in the relevant tax legislation on the value of dividends that may be reinvested. However, the Board may impose a limit by specifying a percentage of dividends that may be reinvested in Dividend Shares.

5.7.12 The SIP operates through a UK-resident trust (the "SIP Trust"). The SIP Trust purchases or subscribes for Shares that are awarded to or purchased on behalf of employees under the SIP and holds the Shares subject to the SIP on behalf of participants.

5.7.13 An employee will be the beneficial owner of any Shares held on his behalf by the trustee of the SIP Trust. Any Shares held in the SIP Trust will rank equally with Shares then in issue. If an employee ceases to be employed by the Group he will be required to withdraw his Shares from the SIP Trust.

5.7.14 If there is a change of control of the Company, employees will normally be able to direct the trustee of the SIP Trust as to how to act in relation to their Shares held in the SIP. In the event of a corporate reorganisation, any Shares held by employees may be replaced by equivalent shares in a new holding company.

5.7.15 Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Shares acquired or awarded under the SIP in respect of which the rights were conferred and as if they were acquired or awarded at the same time. In the event of a rights issue, participants will be able to direct the trustee of the SIP Trust as to how to act in respect of their Shares held in the SIP.

5.7.16 With the exception of Partnership Shares, awards made under the SIP are not transferable other than to a participant's personal representatives in the event of his death. Benefits received under the SIP are not pensionable.

5.7.17 The SIP may operate over new issue Shares, Shares held in treasury or Shares purchased in the market.

5.7.18 In any ten year period, the number of Shares which may be issued under the SIP and under any other employees' share plan adopted by the Company may not exceed ten per cent. of the issued ordinary share capital of the Company from time to time.

5.7.19 Shares held in treasury will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise. Shares issued or committed to be issued to satisfy any awards granted prior to Admission or Shares purchased in the market to satisfy awards will not count towards this limit.

5.7.20 The Board (with the consent of the trustees of the SIP Trust) may amend the SIP at any time, provided that the prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares provided under the SIP and adjustments that may be made in the event of any variation to the share capital of the Company.

5.7.21 However, any minor amendment to benefit the administration of the SIP, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval.

5.7.22 The Board may establish further plans based on the SIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any Shares made available under such further plans are treated as counting against the limits on individual or overall participation in the SIP.

5.7.23 Participation in the SIP does not form part of the terms of a participant's contract of employment and participants have no rights in respect of SIP benefits.

5.7.24 The SIP will be governed in accordance with the laws of England and Wales and the parties submit to the exclusive jurisdiction of the Courts of England and Wales.

5.8 New employee benefit trust

5.8.1 Following Admission, the Company intends to review the Polypipe Employee Benefit Trust to establish whether it may be operated for the purposes of satisfying awards under the Plans and any other share incentive plans it may establish following Admission. To the extent that the Polypipe Employee Benefit Trust is not appropriate, the Company will establish a new employee benefit trust ("New EBT") specifically for this purpose.

5.8.2 Either the Polypipe Employee Benefit Trust or the New EBT may acquire Shares either by market purchase or by subscription and the trustee shall be entitled to hold or distribute Shares in respect of Awards granted under the Plans. It is intended that the Polypipe Employee Benefit Trust or the New EBT (as applicable) will be funded by way of loans and other contributions from the Company and may not, at any time without prior shareholder approval, hold more than 5% of the issued ordinary share capital of the Company (or such other greater percentage as may be prescribed under guidelines published by institutional investor representative bodies from time to time). Any Shares issued to an employee benefit trust following Admission will count for the purposes of the limits set out in paragraphs 5.5.8, 5.6.12 and 5.7.18 of this Part 13.

6. Pensions

The Company operates two defined contribution group personal pension schemes for employees employed in the United Kingdom to which the relevant employer makes matching contributions based on the employee's level of contributions. Subject to a limited number of exceptions, the employer contributions are capped at 5% of the relevant employee's pensionable salary.

Polypipe France does not grant any pension rights to its employees in excess to the rights granted under law and the applicable collective bargaining agreement. Such rights comprise a lump-sum payment at the time of retirement and the employer has no further commitment thereafter.

Polypipe Italy runs a pension scheme whereby approximately 30% of each employee's gross annual salary is paid into the scheme. Polypipe Italy also provides for 1/13 of the gross salary of each employee on a monthly basis, which is the amount required to be paid to the individual as a lump-sum payment upon the individual leaving the company or retiring, as required under Italian employment law.

The Company does not operate a defined benefit pension scheme for the benefit of its Directors or members of Senior Management.

7. Underwriting Agreement

Prior to the announcement of the Offer Price, the Company, the Directors, Cavendish and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

7.1.1 the Executive Directors and Cavendish agreed, subject to certain conditions, to sell the Shares in the Offer at the Offer Price;

7.1.2 the Underwriters severally agreed, subject to certain conditions, to use reasonable endeavours to procure purchasers for or, failing which, to purchase themselves the Shares pursuant to the Offer at the Offer Price;

7.1.4 the Underwriters will deduct from the proceeds of the Offer to the Company a commission of 2% of the product of the Offer Price and the number of Shares sold in the Offer (including following any exercise of the Over-allotment Option);

7.1.5 in addition, the Executive Directors and Cavendish may, in their absolute discretion, pay an additional commission of up to 1.5% of the product of the Offer Price and the number of Shares (other than the Over-allotment Shares) sold in the Offer and separately Cavendish may, in its absolute discretion, pay an additional commission of up to 1.5% of the product of the Offer Price and the Over-allotment Shares sold pursuant to the Over-allotment Option;

7.1.6 the obligations of the Underwriters to procure purchasers for or, failing which, themselves to purchase Shares (as the case may be) on the terms of the Underwriting Agreement will be subject to certain conditions which are customary in agreements of this nature. These conditions will include the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring on or before 16 April 2014 (or such later time and/or date as the Joint Bookrunners and the Company may agree in writing (being not later than 30 April 2014)). In addition, the Joint Bookrunners (on behalf of the Underwriters) have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;

7.1.7 Deutsche Bank AG, London Branch as Stabilising Manager, has been granted the Over-allotment Option by Cavendish pursuant to which it may purchase or procure purchasers for up to 11,999,989 Over-allotment Shares at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or from sales of Shares, if any, effected during the stabilising period. Except as required by law or regulation, neither the Stabilising Manager, nor any of its agents, intends to disclose the extent of any over-allotments and/or stabilising transactions conducted in relation to the Offer. The number of Over-allotment Shares to be transferred pursuant to the Over-allotment Option, if any, will be determined not later than 10 May 2014. Settlement of any purchase of Over-allotment Shares will take place shortly after such determination (or if acquired on Admission, at Admission). If any Over-allotment Shares are acquired pursuant to the Over-allotment Option, the Stabilising Manager will be committed to pay to Cavendish, or procure that payment is made to it of, an amount equal to the Offer Price multiplied by the number of Over-allotment Shares purchased from Cavendish, less commissions and expenses;

7.1.8 the Executive Directors and Cavendish have agreed to pay any stamp duty and/or stamp duty reserve tax incurred on the first sale of Shares to be sold pursuant to the Underwriting Agreement (other than into a depositary receipt or clearance service);

7.1.9 the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax);

7.1.10 each of the Company, the Directors (the Executive Directors both in their capacity as executive directors and Selling Shareholders) and Cavendish has given certain representations, warranties and undertakings, subject to certain limits, to the Underwriters;

7.1.11 the Company, the Executive Directors and Cavendish have granted an indemnity to the Underwriters on customary terms; and

7.1.12 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions.

7.2 Stock lending agreement

In connection with settlement and stabilisation, Deutsche Bank AG, London Branch, as Stabilising Manager, is expected to enter into a stock lending agreement with Cavendish. Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 10% of the total number of Shares comprised in the Offer (excluding the Shares subject to the Over-allotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, over-allotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares pursuant to the stock lending agreement, it will be required to return equivalent securities to Cavendish by no later than the third business day after the date that is the 30th day after the commencement of conditional dealings of the Shares on the London Stock Exchange.

8. Subsidiaries, investments and principal establishments

The Company is the holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company are as follows:

Subsidiaries and subsidiary undertakings

Name	Country of incorporation	Proportion of ownership interest (including voting power)
Pipe Holdings 1 plc	England and Wales	100% owned by Pipe Luxembourg Sàrl
Pipe Holdings 2 Limited	England and Wales	100% owned by Pipe Holdings Plc
Pipe Holdings Plc	England and Wales	100% owned by Pipe Holdings 2 Limited
Polypipe Limited	England and Wales	100% owned by Pipe Holdings plc
Polypipe T.D.I. Limited	England and Wales	100% owned by Polypipe Building Products Limited
Polypipe Ventilation Limited	England and Wales	100% owned by Polypipe Limited
Robimatic Limited	England and Wales	100% owned by Polypipe Limited
Polypipe Civils Limited	England and Wales	100% owned by Polypipe Building Products Limited
Insulated Damp-Proof Course Limited	England and Wales	100% owned by Polypipe T.D.I. Limited
Oracstar Limited	England and Wales	100% owned by Robimatic Limited
Mr Plumber Limited	England and Wales	100% owned by Oracstar Limited
Polypipe Trading Limited	England and Wales	100% owned by Polypipe Limited
Polypipe Terrain Holdings Limited	England and Wales	100% owned by Polypipe Limited
Polypipe Terrain Limited	England and Wales	100% owned by Polypipe Terrain Holdings Limited
Polypipe Commercial Building Systems Limited	England and Wales	100% owned by Polypipe Limited
Mason Pinder (Toolmakers) Limited	England and Wales	100% owned by Polypipe Limited
Plumbexpress Limited	England and Wales	100% owned by Polypipe Limited
Polypipe Building Products Limited	England and Wales	100% owned by Polypipe Limited
Pipe Luxembourg SARL	Luxembourg	100% owned by Polypipe Limited
Polypipe Holdings (Ireland) Limited	Ireland	100% owned by Pipe Holdings 2 Limited

Name	Country of incorporation	Proportion of ownership interest (including voting power)
Polypipe (Ulster) Limited	Northern Ireland	100% owned by Polypipe Limited
Polypipe (Ireland) Limited	Northern Ireland	100% owned by Polypipe (Ulster) Limited
Polypipe Italy SRL	Italy	100% owned by Polypipe Limited
Polypipe Gulf fz-llc	UAE	100% owned by Polypipe Limited
Hayes Pipes (Ulster) Limited	Northern Ireland	100% owned by Polypipe Limited
Polypipe France (Holdings) SAS	France	100% owned by Polypipe Trading Limited
Polypipe France SAS	France	100% owned by Polypipe France (Holdings) SAS
APC Alimentation Prefilage Cablage SARL	France	100% owned by Polypipe France SAS

Principal investments

The Company currently has no principal investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) other than the subsidiaries and subsidiary undertakings listed above.

Principal establishments

The following are the principal establishments of the Group:

Name and location	Tenure
Broomhouse Lane, Wood View, Edlington, Doncaster, DN12 1ES	Freehold
2410, London Road, Mount Vernon, Glasgow G32 8XZ	Freehold
Neale Road (off Wheatley Hall Road), Doncaster DN2 4NW	Freehold
Coulman Road, Thorne, Doncaster, DN8 5JS	Freehold
Dromore Road, Craigavon, Lurgan, BT66 7HL	Freehold
Springhill Road, Lurgan, BT66 7JL	Freehold
Holmes Way, Horncastle, LN9 6JW	Freehold
North West Side of College Road, New Hythe, Aylesford, Kent, ME20 7PJ	Freehold
Horncastle Industrial Estate, Horncastle, Lincolnshire	Freehold
Sandall Stones Road, Kirk Sandall, DN3 1QR	Leasehold
Units A&B, Phase 5, Charnwood Business Park, Loughborough, Leicestershire, LE11 1LE	Leasehold

The Group also has three manufacturing sites in France and one in Italy.

9. Statutory auditors

Ernst &Young LLP, whose registered address is at 1 Bridgewater Place, Water Lane, Leeds LS11 5QR, is the statutory auditor of the Company. Deloitte LLP, whose registered address is at 2, New Street Square, London EC4A 3BZ, was auditor of Hamsard 3054 Limited (now named Polypipe Group plc) and its subsidiaries for the year ended 31 December 2011. Ernst & Young LLP and Deloitte LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Ernst & Young LLP has provided an unqualified accountants' report on the historical financial information of Hamsard 3054 Limited (now named Polypipe Group plc) and its subsidiaries for the three years ended 31 December 2013, in accordance with the standards for Investment Reporting as issued by the Auditing Practice Board.

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

10.1 Underwriting Agreement

The Underwriting Agreement described in paragraph 7 of this Part 13 "Additional Information – Underwriting Agreement".

10.2 Relationship Agreement

The Company entered into the Relationship Agreement, on 10 April 2014, with Cavendish which will regulate (in part) the degree of control that Cavendish and its affiliates may exercise over the management of the Company.

The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of Cavendish.

The substantive provisions of the Relationship Agreement will take effect on and from Admission (provided that it is not later than 16 April 2014 or such later date as Cavendish and the Company may agree, in which case the Relationship Agreement will terminate). The Relationship Agreement will continue, in respect of Cavendish until, amongst other things, it ceases to hold an interest of 20% or more in the Company.

The Relationship Agreement regulates the continuing relationship between Cavendish and the Company on and after Admission. In particular:

10.2.1 Cavendish Square Partners Limited Partnership shall have the right to nominate one person to be its Representative Director on the Board until the later of 12 months from Admission and the point at which Cavendish ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time. The Representative Director shall be entitled to receive a fee of £42,000 per annum by the Company to act as a Director, such amount to be paid to Cavendish;

10.2.2 Cavendish agrees, so far as it is reasonably able to procure the same, to ensure that the independence of the Board is maintained and that the Company shall be capable of carrying on its business independently of Cavendish;

10.2.3 all agreements, transactions and relationships between Cavendish any of its affiliates and the Company and its subsidiaries will be conducted on arm's length and normal commercial terms;

10.2.4 Cavendish shall not take any action which would prevent the Company from complying with any of its obligations under the Listing Rules;

10.2.5 Cavendish shall not propose any resolution which is intended or appears intended to circumvent the proper application of the Listing Rules;

10.2.6 Cavendish shall not vote on any resolution to which it or any of its associates are considered to be a related party for the purposes of the Listing Rules; and

10.2.7 Cavendish shall procure that the Representative Director is not, and for so long as he or she is a Representative Director shall continue not to be, engaged in, or associated with, any business competing with the Company.

Cavendish shall consult with the Chairman of the Company, in reasonable time, prior to a proposed divestment of its shares with a view to maintaining an orderly market in the Shares.

The Company shall also provide such cooperation, information and assistance as Cavendish may reasonably request in relation to a proposed divestment of its shares.

The Directors believe that the terms of the Relationship Agreement will enable the Company to carry on its business independently from Cavendish and its affiliates, and ensure that all transactions and relationships between the Company and Cavendish and its affiliates are, and will be, at arm's length and on a normal commercial basis.

10.3 Indenture

The Indenture described in paragraph 11.1 of this Part 13 "Financing Arrangements – 9.5% Senior Secured Notes due 2015".

10.4 Selling Shareholder Agreement

Prior to the announcement of the Offer Price, the Company and the Underwriters will enter into a selling shareholder agreement (the "Selling Shareholder Agreement"). For the purposes of this paragraph 10.4, Selling Shareholders shall not include the Executive Directors or Cavendish and shall mean those Selling Shareholders who have appointed the Company as their agent to effect the sale of their Shares.

Pursuant to the Selling Shareholder Agreement:

10.4.1 the Company has agreed (on behalf of the Selling Shareholders), subject to certain conditions, to effect the sale of their Shares in the Offer at the Offer Price;

10.4.2 the Underwriters severally agreed, subject to certain conditions, to use reasonable endeavours to procure purchasers for or, failing which, to purchase themselves the Shares owned by the Selling Shareholders pursuant to the Offer at the Offer Price;

10.4.3 in satisfaction of the Selling Shareholders' obligation to pay such amount to the Company, the Company (on behalf of the Selling Shareholders) shall pay the Joint Bookrunners a commission of 2% of the product of the Offer Price and the number of the Selling Shareholders' Shares sold in the Offer;

10.4.4 in addition, the Company (on behalf of the Selling Shareholders) may pay an additional commission of up to 1.5% of the product of the Offer Price and the number of Shares sold in the Offer;

10.4.5 the obligations of the Underwriters to procure purchasers for or, failing which, themselves to purchase Shares (as the case may be) on the terms of the Selling Shareholder Agreement are subject to certain conditions which are customary in agreements of this nature. These conditions will include the absence of any breach of representation or warranty relevant to the Selling Shareholders and Admission occurring on or before 16 April 2014 (or such later time and/or date as the Joint Bookrunners and the Company may agree in writing (being not later than 30 April 2014)). In addition, the Joint Bookrunners have the right to terminate the Selling Shareholder Agreement, exercisable in certain circumstances, prior to Admission;

10.4.6 the Company (on behalf of certain Selling Shareholders) will agree to procure the payment of any stamp duty and/or stamp duty reserve tax incurred on the first sale of Shares; and

10.4.7 the Selling Shareholders will agree to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax).

11. Financing Arrangements

11.1 9.5% Senior Secured Notes due 2015

Pipe Holdings plc (the "Notes Issuer") issued the Notes pursuant to an indenture dated 8 November 2010 (the "Instrument"). The Instrument was entered into between Pipe Holdings plc (as Notes Issuer), Pipe Holdings 2 Limited, Polypipe Limited, Robimatic Limited, Deutsche Bank AG, London Branch (as Security Agent, Principal Paying Agent and Transfer Agent) and Deutsche Bank Luxembourg S.A. (as Registrar and Luxembourg Transfer Agent).

A purchase agreement dated 3 November 2010 was entered into between HSBC Bank plc and Deutsche Bank AG, London Branch (as Initial Purchasers) and Pipe Holdings plc, Pipe Holdings 2 Limited, Polypipe Limited and Robimatic Limited (the "Purchase Agreement"). Pursuant to the terms of the Purchase Agreement, HSBC and Deutsche Bank AG, London Branch agreed to purchase the entirety of the Notes.

The Notes are currently listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.

The Instrument provides that the Notes Issuer may, at its election, optionally redeem the Notes at any time and, in respect of any redemption of the Notes made between 1 November 2013 and 31 October 2014, the redemption price will be 104.750% of the principal amount of the Notes so redeemed. Any redemption of the Notes must also be made with any accrued and unpaid interest thereon and subject to the requirements to give notice of redemption to each holder of Notes. Accordingly, on or promptly following the date of Admission, the Notes Issuer will notify all holders of the Notes that all Notes will be redeemed on a date falling not less than 30, nor more than 60, days after such notice. The net proceeds of the loan to be utilised under Facility A (as defined below), together with cash from the Group's resources, will be applied in redemption of all of the Notes. It is a condition precedent to initial utilisation of the New Facilities (as defined below) that, among other things, the Notes and the RCF (as defined below) have been (or will be) repaid or cancelled in full within one Business Day after utilisation of the New Facilities.

The Instrument also provides that, on a Change of Control (as defined in the Instrument which will occur as a result of the sale of Shares as a part of the Offer), each holder of the Notes has the right to require the Notes Issuer to repurchase all or part of such holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase. The Instrument requires that, within 30 days following such Change of Control, the Notes Issuer must notify all holders of the Notes of the occurrence of such Change of Control and state that each holder of Notes has the right to require the Notes Issuer to purchase their Notes at 101% of their face value (plus accrued and unpaid interest thereon to the date of purchase). However, as the Notes Issuer is required to redeem all of the Notes as a condition precedent to utilisation of the New Facilities (as defined in paragraph 11.4.1 below), the Notes Issuer will instead elect to redeem all of the Notes in full pursuant to the optional redemption process outlined in the above paragraph (i.e. applying the net proceeds of the loan to be utilised under Facility A, together with cash from the Group's resources, to redeem the Notes on the redemption date specified in the optional redemption notice) instead of making a Change of Control offer to holders of the Notes.

11.2 Existing Revolving Credit Facility

Pipe Holdings plc, Polypipe Limited, Robimatic Limited and Pipe Holdings 2 Limited (together, the "Obligors") entered into a £30,000,000 multicurrency revolving credit facility agreement dated 8 November 2010 with HSBC Bank plc (the "RCF"). On 8 October 2012, HSBC transferred its rights and obligations under the RCF to Lloyds Bank plc.

Although there is no prescribed mechanic for voluntarily prepaying amounts outstanding under the RCF, all amounts outstanding under the RCF (including for the avoidance of doubt, all ancillary facilities) will become immediately prepayable, together with accrued interest and all other amounts accrued (and any undrawn portion of the RCF will be automatically cancelled) upon the date of Admission. A waiver of that automatic cancellation and prepayment obligation has been obtained from Lloyds Bank plc, in order that the RCF will continue to be made available following Admission until utilisation of the New Facilities (as defined below), following which all amounts outstanding under the RCF will be repaid and RCF commitments will be cancelled. Working capital facilities will then be made available to the Group under Facility B (as defined below).

As of 31 December 2013, £nil had been drawn down from the RCF and, as at the date of this Prospectus, £nil has been drawn down from the RCF.

11.3 Intercreditor Agreement

On 8 November 2010 an intercreditor agreement was entered into between each of the parties to the RCF and the Instrument. This agreement will be terminated upon repayment of the amounts outstanding under the RCF and the Notes.

11.4 New Facilities

11.4.1 *Introduction*

The Obligors entered into a facilities agreement (the "New Facilities Agreement") on 17 March 2014 (the "Signing Date") pursuant to which £160,000,000 term and multicurrency revolving facilities (the "New Facilities") were made available by certain financial institutions (the "New Lenders"). The New Facilities are split across two tranches, Facility A and Facility B (each as defined below). It is a condition precedent to initial utilisation of the New Facilities that, among other things, the Notes and the RCF have been (or will be) repaid or cancelled in full within one Business Day after the Closing Date (as defined below). The New Facilities are made available from the Signing Date for the purposes of (i) refinancing the Notes (pursuant to the optional redemption process outlined in paragraph 11.1 above) and any amounts outstanding under the RCF, (ii) paying transaction costs relating to such refinancing and (iii) general corporate and working capital purposes of the Group.

11.4.2 *Facility A*

The New Facilities Agreement made available a £120,000,000 sterling term loan facility ("Facility A") which is to be drawn in full by Pipe Holdings plc on the date on which the New Facilities are first utilised (the "Closing Date"). £12,000,000 of Facility A will amortise across the life of the New Facilities (commencing 30 June 2017 in semi-annual instalments), with the outstanding Facility A loans being repayable in full on the date falling five years from the Signing Date (the "Termination Date"). Facility A is made available on a customary certain funds basis from the Signing Date to the earlier of (i) the Closing Date and (ii) three months after the Signing Date (the "Facility A Availability Period") to facilitate redemption of all amounts outstanding under the Notes pursuant to paragraph 11.1 above.

11.4.3 *Facility B*

The second tranche of the New Facilities ("Facility B") made available a £40,000,000 multicurrency revolving credit facility which may be utilised by way of drawing of loans in sterling, dollars or euros or any currency which is readily available and freely convertible into sterling in the London interbank market and in relation to euro, the European interbank market or otherwise which has been approved by all the New Lenders. Facility B may also be made available by way of ancillary facilities (subject to a £10,000,000 cap) provided by individual New Lenders (or an affiliate thereof) on a bilateral basis and on normal commercial terms, thereby reducing that New Lender's available commitment under Facility B.

Ancillary facilities may consist of overdraft, guarantee, bonding, documentary or stand-by letter of credit, a foreign exchange facility or any other facility or accommodation required in connection with the business of the Group and which is agreed between Pipe Holdings plc and the relevant New Lender.

Facility B was made available from and including the Signing Date, to and including the date falling one month prior to the Termination Date (the "Facility B Availability Period"). All amounts outstanding under Facility B will be repayable in full on the Termination Date.

11.4.4 *Fees*

Certain arrangement fees in respect of the New Facilities will be payable to each New Lender on the Closing Date by reference to their aggregate commitments as follows:

11.4.4.1 equal to or less than £30,000,000: 100 bps;

11.4.4.2 equal to or less than £40,000,000 but greater than £30,000,000: 115 bps; and

11.4.4.3 more than £40,000,000: 135 bps.

On and from the Closing Date, customary agency and security agent fees will be payable to Lloyds Banks plc in its capacity as agent and security agent under the New Facilities Agreement.

With effect from the Closing Date, a commitment fee of 40% of the applicable margin (see paragraph 11.4.5 below) will be payable on the unused and uncancelled amount of Facility B for the Facility B Availability Period. With effect from the Closing Date, the accrued commitment fee is payable quarterly in arrear during the Facility B Availability Period, on the last day of the Facility B Availability Period and on the cancelled amount of Facility B at the time a cancellation is effective.

A Ticking Fee will be payable in sterling at a rate equal to 0.20% per annum on the total commitments of each New Lender under each of Facility A and Facility B. The ticking fee will accrue from the Signing Date but become payable on the last day of the Facility A Availability Period.

11.4.5 *Pricing*

The margin payable in respect of Facility A and Facility B is linked to a leverage ratio test as follows:

Leverage Ratio	Applicable Margin % p.a.
Greater than 2.50:1	2.75
Less than or equal to 2.50:1 but greater than 2.00:1	2.50
Less than or equal to 2.00:1 but greater than 1.5:1	2.25
Less than or equal to 1.5:1 but greater than 1.00:1	2.00
Less than or equal to 1.00:1	1.75

The margin from the Signing Date shall be 2.75 per cent per annum which shall apply until the delivery of the first covenant compliance certificate under the New Facilities Agreement, after which the above grid shall apply, with changes to the margin taking effect five business days following delivery of the relevant compliance certificate. Under the New Facilities Agreement, Pipe Holdings plc is required (within a certain period following the Closing Date) to enter into customary hedging agreements in respect of its interest rate liabilities under the Facility A loan.

11.4.6 *Accordion*

The New Facilities Agreement provides that Pipe Holdings plc may request an increase in Facility B commitments, up to a maximum aggregate increase of £30,000,000.

This accordion option is uncommitted and must be offered firstly to the New Lenders (who may, in their sole discretion, accept or decline the request) and thereafter additional lenders (provided that New Lenders will retain a right to match the terms offered by any additional lender or lenders prior to completing any such increase of Facility B commitments).

11.4.7 *Documentation*

The New Facilities Agreement is based on the current recommended form of leveraged finance facilities agreement of the Loan Markets Association, with appropriate amendments for facilities of this nature. Certain covenants and undertakings impose restrictions on the manners in which the Obligors can apply their capital resources, for example, by prohibiting all acquisitions and the making of any loans which, in each case, do not fall within certain permitted exceptions. The New Facilities Agreement includes conditions precedent, financial covenants, representations, covenants, undertakings, information undertakings and events of default which are standard for facilities of this nature. On the Closing Date, each Obligor will grant security over all of its assets in favour of the New Facilities security agent as security for each Obligor's liabilities and obligations under the New Facilities Agreement. An intercreditor agreement was entered into on the Signing Date between (among others) Polypipe Limited, the Obligors and the New Lenders.

12. Intellectual Property

The Group's key brands are Polypipe, Polypipe Building Products, Polypipe Civils, Oracstar, Polypipe Terrain and Polypipe Ventilation.

The Group utilises trademarks throughout its operations and has an extensive trademark portfolio. The Group's most important trademark is the "Polypipe" name in which it has built up significant goodwill. The "Polypipe" trademark has been registered as a trade mark in the United Kingdom, the European Community and a number of other jurisdictions. In addition to the Group's primary trading name, the Group has also registered trademarks in respect of its trading divisions and a number of its products.

The Group has registered a number of patents to ensure that its innovative products are not copied by competitors and has an extensive worldwide patent portfolio. Whilst these patents are important, they are only as important as the underlying products to which they relate. The Directors believe that the Group has two major patent families: (i) water management solutions; and (ii) plastic plumbing/under-floor heating.

The Group also owns a number of domain name registrations, including the domain name for its main website, www.polypipe.com.

The Group is not currently party to any material intellectual property disputes.

13. UK Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC; they are not advice. They may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies, collective investment schemes, persons who hold their shares by virtue of an interest in any partnership and persons who have acquired (or are deemed to have acquired) their shares by reason of office or employment. They relate (except where stated otherwise) to persons who are resident and domiciled in the United Kingdom for UK tax purposes, who are beneficial owners of Shares (and any dividends paid on them) and who hold their Shares as an investment (and other than in an individual savings account). They are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this document, both of which may change, possibly with retroactive effect.

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the United Kingdom, should consult his or her own professional advisers immediately.

13.1 Taxation of Dividends

Under UK tax legislation, the Company is not required to withhold tax at source from dividend payments it makes. Individual shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend. An individual shareholder’s liability to income tax will be calculated on the sum of the dividend and the tax credit (the “gross dividend”). This will be regarded as the top slice of the individual’s income and will be subject to UK income tax at the rates described below.

The tax credit equals 10% of the gross dividend. The tax credit will be available to set against a shareholder’s liability (if any) to income tax on the gross dividend. Individual shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10% of the gross dividend. This means that the tax credit will satisfy in full the individual shareholder’s liability to pay income tax on the dividend received.

The rate of income tax applied to dividends received by an individual shareholder liable to income tax at the higher rate will be 32.5%. In the case of a dividend received by an individual shareholder liable to income tax at the additional rate, the rate of income tax will be 37.5%. After taking into account the 10% tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5% of the gross dividend (equal to 25% of the net dividend) and an additional rate taxpayer will be liable to additional income tax of 27.5% of the gross dividend (equal to 30.6% of the net dividend).

For example, an individual shareholder receiving a dividend of £90 would receive a tax credit of £10. The gross dividend (the cash dividend plus the tax credit) would be £100. If the shareholder is a higher rate taxpayer, he would be liable to income tax on the dividend of £32.50 (32.5% of £100) but can set against this the tax credit of £10. This leaves tax to pay of £22.50, which is 25% of the £90 dividend received.

Trustees who are liable to income tax at the rate applicable to trusts (currently 45%) will pay tax on the gross dividend at the dividend trust rate of 37.5% against which they can set the tax credit. To the extent that the tax credit exceeds the trustees’ liability to account for income tax the trustees will have no right to claim repayment of the tax credit. A corporate shareholder resident for tax purposes in the United Kingdom will not normally be liable to corporation tax on any dividends received, but cannot claim repayment of the tax credit from HMRC.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive but they are not entitled to claim repayment of the tax credit.

Individual shareholders who are resident for tax purposes in countries other than the UK but who are Commonwealth citizens, nationals of states which are part of the European Economic Area, residents of the Isle of Man or the Channel Islands or certain other persons are entitled to a tax credit as if they were resident for tax purposes in the United Kingdom which they may set off against their total UK income tax liability. Such shareholders will generally not be able to claim repayment of the tax credit from HMRC.

Other shareholders who are not resident in the United Kingdom for tax purposes should consult their own advisers concerning their tax liabilities on dividends received. They should note that they will not generally be entitled to claim repayment of any part of their tax credit from HMRC under any double taxation treaty or otherwise or such claim may be negligible.

13.2 Chargeable Gains

Shareholders who are resident in the United Kingdom for tax purposes and who dispose of their Shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Shares.

Shareholders who are not resident in the United Kingdom for tax purposes but who carry on a trade, profession or vocation in the United Kingdom through a branch, agency or fixed place of business in the United Kingdom may be liable to UK taxation on chargeable gains on any gain on a disposal of their Shares, if those Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

If an individual shareholder ceases to be resident in the United Kingdom and subsequently disposes of Shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident in the United Kingdom.

13.3 Stamp duty and Stamp Duty Reserve Tax ("SDRT")

13.3.1 ***The Offer***

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons agreeing to transfer the Shares into depository arrangements or clearance services, who may be liable to pay a higher rate (1.5% rather than 0.5%). Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986, as amended.

13.3.1.1 The allocation and issue of new Shares direct to persons acquiring Shares pursuant to the Offer will not give rise to a liability to stamp duty or SDRT. However, subsequent transfers or agreements to transfer the Shares will prima facie be within the scope of stamp duty and/or SDRT.

13.3.1.2 The transfer of, or agreement to transfer, Shares sold by the Selling Shareholders under the Offer will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5% of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholders have agreed to meet such liability in as much as it is incurred in respect of the first direct transfer of the Shares (but neither in respect of any subsequent transfers or agreements to transfer the Shares nor in respect of stamp duty of SDRT incurred on transfers into a clearance service or a depositary receipt). An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. This will only apply in respect of transfers effected by written documents.

13.3.1.3 A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5% of the value of the consideration given. It should be noted that the de-minimis £1,000 exemption will not apply in this case.

13.4 Inheritance Tax

The Shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Shares through trust arrangements.

14. MATERIAL US FEDERAL INCOME TAX CONSEQUENCES

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS AND/ OR PURCHASERS OF SHARES ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS AND/OR PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS AND/OR PURCHASERS UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED IN THIS PROSPECTUS BY THE ISSUERS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUERS OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS PROSPECTUS; AND (C) HOLDERS AND/OR PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a discussion of the material US federal income tax consequences of the acquisition, ownership and disposition of the Shares that are applicable to you if you are a US Holder (as defined below) that acquires Shares pursuant to this Prospectus. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules. In particular, the information set forth below deals only with US Holders that will hold Shares as capital assets for US federal income tax purposes (generally, property held for investment) and that do not own, and are not treated as owning, at any time 10% or more of the total combined voting power of all classes of the Group's shares entitled to vote. In addition, this description of certain material US federal income tax consequences does not address the tax treatment of special classes of US Holders, such as:

- financial institutions;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities;
- insurance companies;
- persons holding Shares as part of a hedging, integrated or conversion transaction,
- constructive sale or "straddle";
- persons who acquired Shares through the exercise or cancellation of employee stock options or otherwise as compensation for their services;
- US expatriates;
- persons who are resident in the United Kingdom for tax purposes or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Shares are attributable;
- persons subject to the alternative minimum tax;
- dealers or traders in securities or currencies; or
- holders whose functional currency is not the US dollar.

This summary does not address estate and gift tax or any US federal tax consequences other than income tax, or tax consequences under any state, local or foreign laws other than as provided in the paragraph entitled "UK Taxation" of this Part 13 "Additional Information".

For the purposes of this summary, a "US Holder" is: (1) an individual citizen of the United States or a resident alien of the United States as determined for US federal income tax purposes; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organised under the laws of the United States or any state thereof or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have authority to control all substantial decisions of the trust, or (B) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

If a partnership or other pass-through entity is a beneficial owner of Shares, the tax treatment of a partner or other owner will generally depend upon the status of the partner (or other owner) and the activities of the entity. If you are a partner (or other owner) of a pass-through entity that acquires Shares, you should consult your tax adviser regarding the tax consequences of acquiring, owning and disposing of Shares.

The following discussion is based upon the US Internal Revenue Code of 1986, as amended (the "Code"), US judicial decisions, administrative pronouncements, existing and proposed US Treasury regulations, all as in effect as of the date of this Prospectus. All of the preceding authorities are subject to change, possibly with retroactive effect, so as to result in US federal income tax consequences different from those discussed below. The Company has not requested, and will not request, a ruling from the US Internal Revenue Service (the "IRS") with respect to any of the US federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions the Group has reached and described below.

The following discussion assumes that the Company is not a passive foreign investment company (or "PFIC") as discussed in paragraph 14.3 below entitled "Passive Foreign Investment Company Considerations".

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of Shares and no opinion or representation with respect to the US federal income tax consequences to any such holder or prospective holder is made. Prospective purchasers are urged to consult their tax advisers as to the particular consequences to them under US federal, state and local, and applicable foreign, tax laws of the acquisition, ownership and disposition of Shares.

14.1 Distributions

The gross amount of any distribution made by the Company will generally be subject to US federal income tax as dividend income to the extent paid out of the Group's current or accumulated earnings and profits, as determined under US federal income tax principles.

Such amount will be includable in gross income by US Holders of Shares as ordinary income on the date that such holders actually or constructively receive the distribution in accordance with their regular method of accounting for US federal income tax purposes. The amount of any distribution made by the Company in property other than cash will be the fair market value of such property on the date of the distribution. Dividends paid by the Company generally will not be eligible for the dividends received deduction allowed to corporations.

Subject to applicable exceptions with respect to short-term and hedged positions, certain dividends received by non-corporate US Holders from a "qualified foreign corporation" may be eligible for reduced rates of taxation. A qualified corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that the US Treasury determines to be satisfactory for these purposes and that includes an exchange of information provision. The US Treasury has determined that the Convention between the Government of the United States of America and the UK Government for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital Gains meets these requirements, and the Company believes that it is eligible for the benefits of this treaty. Although the Company believes that distributions on the Shares that are treated as dividends for US federal income tax purposes should constitute qualified dividend income, no assurance can be given that this will be the case. Dividends received by US investors from a foreign corporation that was a PFIC in either the taxable year of the distribution or the preceding taxable year will not constitute qualified dividends. As discussed in paragraph 14.3 below entitled "Passive Foreign Investment Company Considerations", the Company believes that it is not a PFIC.

Generally, distributions by a corporation in excess of its current and accumulated earnings and profits, as determined under US federal income tax principles, will be treated as a tax-free return on capital to the extent of the US Holder's adjusted tax basis in the Shares to which the distribution relates, with the balance of the distribution, if any, treated as taxable capital gain from the sale, exchange or other disposition of the Shares. The Company does not intend to maintain calculations of the Group's earnings and profits in accordance with US federal income tax principles, and, although there can be no assurance, US Holders should therefore assume that any distribution by the Company with respect to the Shares will be treated as a dividend for US federal income tax purposes.

The gross amount of distributions paid in pounds sterling will be included by US Holders in income in a US dollar amount calculated by reference to the exchange rate in effect on the day they actually or constructively receive the distribution in accordance with their regular method of accounting for federal income tax purposes regardless of whether the payment is in fact converted into US dollars. If the pounds sterling are converted into US dollars on the date of the payment, US Holders should not be required to recognise any foreign currency gain or loss with respect to the receipt of pounds sterling as distributions. If, instead, the pounds sterling are converted at a later date, any currency gains or losses resulting from the conversion of the pounds sterling will be treated as US source ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income.

14.2 Sale, Exchange or Other Taxable Disposition of Shares

US Holders will generally recognise a gain or loss upon the sale, exchange or other taxable disposition of Shares in an amount equal to the difference between (i) the amount realised upon the sale, exchange or other taxable disposition and (ii) their adjusted tax basis in the Shares. Generally, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the sale, exchange or other taxable disposition, the US Holder has held the Shares for more than one year. If a US Holder is an individual tax payer, long-term capital gains are subject to taxation at favourable rates. The deductibility of capital losses is subject to limitations under the Code. Gain or loss, if any, that are realised upon a sale, exchange or other taxable disposition of Shares will be treated as having a United States source for US foreign tax credit limitation purposes. If a US Holder receives any foreign currency on the sale of Shares, they may recognise ordinary income or loss as a result of currency fluctuations between the date of the sale of Shares and the date the sale proceeds are converted into US dollars.

14.3 Passive Foreign Investment Company Considerations

Special US federal income tax rules apply to US persons owning stock of a PFIC. A foreign corporation will be considered a PFIC for any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look through" rules, either (1) at least 75% of its gross income is "passive" income (the "income test") or (2) at least 50% of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income (the "asset test"). For the purposes of determining whether a foreign corporation will be considered a PFIC, such foreign corporation will be treated as holding its proportionate share of the assets and receiving directly its proportionate share of the income of any other corporation in which it owns, directly or indirectly, more than 25% (by value) of the stock. PFIC status is fundamentally factual in nature. It generally cannot be determined until the close of the taxable year in question and is determined annually.

The Company believes that it currently is not a PFIC for US federal income tax purposes, and the Company does not expect to become a PFIC in the future. However, the determination of PFIC status for any year is very fact specific, and there can be no assurance in this regard. Accordingly, it is possible that the Company may become a PFIC in the current taxable year or in future years. If the Company is classified as a PFIC in any year during which US Holders hold Shares, the Company will generally continue to be treated as a PFIC in all succeeding years, regardless of whether the Company continues to meet the income or asset test discussed above.

If the Company is classified as a PFIC for any taxable year during which a US Holder holds Shares, the holder would be subject to increased tax liability (generally including an interest charge) upon the sale or other disposition of the Shares or upon the receipt of certain distributions treated as "excess distributions". An excess distribution generally would be any distribution to the US Holder with respect to Shares during a single taxable year that is greater than 125% of the average annual distributions received by such holder with respect to Shares during the three preceding taxable years or, if shorter, during the holder's holding period for the Shares.

In some cases, a shareholder of a PFIC can avoid the interest charge and the other adverse PFIC consequences described above by making a "qualified electing fund" ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. The Company is uncertain, however, as to whether it will provide to US Holders the information regarding this income that would be necessary in order for a US Holder to make a QEF election with respect to its Shares in the event the Company is determined to be a PFIC.

Alternatively, the above results may be eliminated if a "mark-to-market" election is available and a US Holder validly makes such an election as of the beginning of such US Holder's holding period. If such election is made, such US Holder generally will be required to take into account (whether or not the Shares are actually sold) the difference, if any, between the fair market value of, and its adjusted tax basis in, the Shares at the end of each taxable year as ordinary income or, to the extent of any net mark-to-market gains previously included in income, ordinary loss, and to make corresponding adjustments to the tax basis of such Shares. In addition, any gain from a sale, exchange or other disposition of the Shares will be treated as ordinary income, and any loss will be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss.

US Holders are urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a QEF or mark-to-market election with respect to the Shares if the Company is treated as a PFIC.

14.4 Additional Tax on Passive Income

US Holders that are individuals, estates or trusts will be required to pay up to an additional 3.8% tax on the lesser of (1) the US Holder's "net investment income" for the relevant taxable year and (2) the excess of the US Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A US Holder's "net investment income" will generally include, among other things, dividends and capital gains. Such tax will apply to dividends and to capital gains from the sale or other disposition of the Shares, unless derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities).

14.5 Information Reporting and Backup Withholding

In general, information reporting will apply to dividends paid to US Holders in respect of Shares and the proceeds received by US Holders from the sale, exchange or other disposition of Shares within the United States unless such holder is an exempt recipient. A backup withholding tax may apply to such payments if a US Holder fails to provide a tax payer identification number or certification of exempt status or fails to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a US Holder's US federal income tax liability, provided that the required information is furnished to the IRS.

In addition, US Holders should be aware of reporting requirements with respect to the holding of certain foreign financial assets, including stock of foreign issuers which is not held in an account maintained by certain financial institutions, if the aggregate value of all of such assets exceeds US $50,000. US Holders should also be aware that if the Company were a PFIC, they would generally be required to file IRS Form 8621. The US Treasury and IRS continue to issue new guidance regarding these information reporting requirements, and US Holders should consult their own tax advisers regarding the application of the information reporting rules to the Shares and their particular situations.

15. Enforcement and civil liabilities under US federal securities laws

The Company is a public limited company incorporated under English law. Many of the Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the US courts judgements obtained in US courts predicated upon the civil liability provisions of the US federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgements of the US courts, of civil liabilities predicated upon US federal securities laws.

16. Litigation

Neither the Company nor any other member of the Group is or has been engaged in nor, so far as the Company is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Company's and/or the Group's financial position or profitability.

17. Related party transactions

Save as described in the Company's audited consolidated financial information for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 set out in Section A of Part 11 "Financial Information", there are no related party transactions between the Company or members of the Group that were entered into during the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 and during the period between 31 December 2013 and 10 April 2014 (the latest practicable date prior to printing of this document).

18. Working capital

In the opinion of the Company, the working capital available to the Group is sufficient for the Group's present requirements, that is for the next 12 months following the date of this document.

19. No significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2013, the date to which the last audited consolidated accounts of the Company were prepared.

20. Consent

Ernst & Young LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its reports set out in Part 11 "Financial Information", and references to it in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. Ernst & Young LLP has no material interest in the Company.

21. Mandatory bids and compulsory acquisition rules relating to the Shares

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Shares or the Company.

21.1 Mandatory bids

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30% or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

"Interests in shares" is defined broadly in the City Code. A person who has long economic exposure, whether absolute or conditional, to changes in the price of shares will be treated as interested in those shares. A person who only has a short position in shares will not be treated as interested in those shares.

"Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting.

Persons acting in concert (and concert parties) comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Certain categories of people are deemed under the City Code to be acting in concert with each other unless the contrary is established.

21.2 Squeeze-out rules

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made by an offeror to acquire all of the shares in the Company not already owned by it and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the shares to which such offer relates, the offeror could then compulsorily acquire the remaining shares. The offeror would do so by sending a notice to the outstanding members informing them that it will compulsorily acquire their shares and, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration for the outstanding shares to the Company which would hold the consideration on trust for the relevant members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

21.3 Sell-out rules

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% in value of the shares and not less than 90% of the voting rights carried by the shares in the Company, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his or her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

22. General

22.1 The fees and expenses relating to the offer of the Shares pursuant to the Offer, including the Underwriters' commission, the FCA's fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £12.3 million (including VAT) and are payable by the Company save for the Underwriters' commission which shall be paid by the Selling Shareholders pro rata to their Shares sold pursuant to the Offer.

22.2 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Act. Full audited accounts have been delivered to the Registrar of

Companies for the Company for the period from 1 January 2011 to 31 December 2011, from 1 January 2012 to 31 December 2012 and from 1 January 2013 to 31 December 2013.

22.3 The Offer has been underwritten in full by the Underwriters. The Underwriters registered addresses and registered numbers are set out in Part 3 "Directors, Secretary, Registered and Head Office and Advisers".

22.4 There are no arrangements in place under which future dividends are to be waived or agreed to be waived.

22.5 The Offer Price is payable in full in cash on acceptance.

22.6 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles will permit the holding and transfer of Shares under CREST. The Directors have applied for the Shares to be admitted to CREST and it is expected that the Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred. CREST is a voluntary system and shareholders who wish to receive and retain a share certificate will be entitled to do so.

23. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of the Company and Travers Smith LLP, 10 Snow Hill, London, EC1A 2AL:

(a) the Articles of the Company;

(b) the consolidated financial information in respect of the three financial years ended 31 December 2013, together with the related accountant's report from Ernst & Young LLP which are set out in Section A of Part 11 "Financial Information";

(c) the report from Ernst & Young LLP on the pro forma financial information, which is set out in Section B of Part 11 "Financial Information";

(d) the service agreements and letters of appointment referred to in this Part 13; and

(e) the consent letter referred to in "Consent" in paragraph 20 above; and

(f) this document.

Copies of this document are also available for inspection at the National Storage Mechanism www.hemscott.com/nsm.do.

For the purposes of item 3.2.4 of the Prospectus Rules, this document will be published in printed form and available free of charge, during normal business hours on any weekday (Saturdays, Sundays and UK public holidays excepted) for a period of 28 days from the date of publication of this document at the Company's registered office and at the offices of the Underwriters. In addition, this document will be published in electronic form and be available on the Company's website at www.polypipe.com, subject to certain access restrictions applicable to persons located outside the UK.

Dated: 11 April 2014

PART 14
DEFINITIONS

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

"ABS"	acrylonitrile butadiene styrene
"Act"	the Companies Act 2006, as amended
"Adjusted EBITDA"	operating profit before operating exceptional items, depreciation, amortisation and management fees
"Adjusted EBITDA Margin"	Adjusted EBITDA divided by total revenue, expressed as a percentage
"Admission"	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"AMA Research"	AMA Research Ltd
"AMA Research Report 2013"	"Pipes and Fittings Market Report – UK 2013-2017 Analysis", AMA Research, Fourth edition (July 2013)
"Articles"	the Articles of Association of the Company to be adopted upon Admission
"Board"	the board of Directors of the Company
"BSRIA"	Building Services Research and Information Association
"BSRIA Report 2012"	"Radiators and underfloor heating, UK, World heating 2012", BSRIA (May 2012)
"Cavendish"	Cavendish Square Partners Limited Partnership acting by its general partner, Cavendish Square Partners (General Partner) Limited
"City Code"	the City Code on Takeovers and Mergers
"civils"	civil engineering
"Company"	Polypipe Group plc
"CPA"	the Construction Products Association
"CPA Winter 2013-14 Report"	"Construction Industry Forecast 2013-2017", the CPA (Winter 2013/14 edition)
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
"Deferred Shares"	the deferred shares of £0.00001 each in the capital of the Company
"Development Products"	includes our products that are intended to address regulatory changes, in particular those relating to water management and carbon efficiency, as well as products related to material substitution where penetration of plastic products is low
"Directors"	the Executive Directors, the Non-Executive Directors and the Proposed Director of the Company, further details of whom are set out in Part 7 "Directors, Senior Management and Corporate Governance"

"DIY"	do it yourself
"EEA"	the European Economic Area
"EU"	the European Union
"Euroconstruct"	European Construction Forecast Group
"Euroconstruct Report 2013"	the report on France from the 76th Euroconstruct conference, Prague (November 2013)
"Executive Directors"	the executive directors of the Company, being David Hall and Peter Shepherd
"Executive Management Team"	the Directors and Senior Management
"FCA"	the Financial Conduct Authority
"Former Articles"	the articles of association of the Company adopted on 19 September 2011
"FSMA"	the Financial Services and Markets Act 2000, as amended
the "Group"	the Company and its consolidated subsidiaries and subsidiary undertakings
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards as issued by the IASB, as adopted by the European Union
"Joint Bookrunners"	Deutsche Bank AG, London Branch and Numis Securities Limited
"Joint Sponsors"	Deutsche Bank AG, London Branch and Numis Securities Limited
"KWD"	KWD globalpipe
"KWD Report 2012"	KWD Heating & Plumbing Report 2012, www.kwd-globalpipe.de
"Listing Rules"	the listing rules of the FCA made under section 74(4) of the FSMA
"London Stock Exchange"	London Stock Exchange plc
"MBD"	Market and Business Development
"MBD August 2013 Report"	"Underground Pipes", MBD Report (August 2013)
"MBD September 2013 Report"	"Plumbing Products", MBD Report (September 2013)
"Moelis & Company"	Moelis & Company UK LLP
"Non-Executive Directors"	the non-executive Directors of the Company which term shall include the Proposed Director where applicable
"Notes"	the £150,000,000 (principal amount at maturity) 9.5% senior secured notes due 2015 issued pursuant to an indenture dated 8 November 2010
"Offer"	the sale of Shares by the Selling Shareholders to institutional investors in the United Kingdom and elsewhere described in Part 12 "The Offer"

"Offer Price"	the price at which each Share is to be issued or sold under the Offer
"Official List"	the Official List of the FCA
"Over-allotment Option"	the option expected to be granted to the Stabilising Manager by Cavendish to purchase, or procure purchasers for, up to 11,999,989 Shares as more particularly described in Part 12 "The Offer"
"Over-allotment Shares"	Shares to be offered pursuant to the Over-allotment Option
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"Pre-Admission Articles"	the articles of association of the Company in force immediately prior to Admission which, on Admission, will be replaced by the Articles
"Proposed Director"	Mark Hammond, to be appointed as a Director with effect from Admission
"Prospectus"	the final prospectus as approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA
"Prospectus Directive"	the EU Prospectus Directive (2003/71/EC) and amendments thereto, including Directive 2010/73/EU
"PVC"	polyvinyl chloride
"qualified institutional buyers" or "QIBs"	has the meaning given by Rule 144A
"Qualified Investors"	persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive
"Registrars"	Capita Registrars Limited
"Regulation S"	Regulation S under the US Securities Act
"RMI"	the repair, maintenance and improvement sector
"Rule 144A"	Rule 144A under the US Securities Act
"SDRT"	stamp duty reserve tax
"Selling Shareholder Agreement"	the agreement to be entered into by the Company and the Underwriters prior to the announcement of the Offer Price relating to the sale of Shares by the Company (on behalf of certain Selling Shareholders)
"Selling Shareholders"	existing Shareholders who sell Shares as part of the Offer
"Senior Management"	Paul Rice, John Fairhurst, Glen Sabin, Mark Hughes, Simon Howard, Cameron McLellan and Tony Morris, further details of whom are set out in Part 7 "Directors, Senior Management and Corporate Governance"
"Share Capital Reorganisation"	the share capital reorganisation of the Company in preparation for the Offer as described in paragraph 1.8 of Part 13 "Additional Information"
"Shareholders"	the holders of Shares in the capital of the Company
"Shares"	the ordinary shares of £0.001 each in the capital of the Company

"Stabilising Manager"	Deutsche Bank AG, London Branch
"SUDS"	a sustainable urban drainage system
"UFH"	under floor central heating
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council in September 2012, as amended from time to time
"Underwriters"	Deutsche Bank AG, London Branch, Numis Securities Limited and Canaccord Genuity Limited
"Underwriting Agreement"	the underwriting agreement expected to be entered into between the Company, the Directors, the Selling Shareholders and the Underwriters described in paragraph 7 of Part 13 "Additional Information – Underwriting Agreement"
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"US Exchange Act"	United States Securities Exchange Act of 1934, as amended
"US GAAP"	accounting principles generally accepted in the United States
"US GAAS"	auditing standards generally accepted in the United States
"US Securities Act"	United States Securities Act of 1933, as amended

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